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# Southeast Asia Report

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1 October 1985

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AUSTRALIA

FOREIGN AGENTS SAID INFILTRATING ETHNIC GROUPS

Sydney THE SYDNEY MORNING HERALD in English 8 Aug 85 p 3

[Article by Peter White]

[Text]

The leaders of local ethnic communities from Eastern bloc countries, the Middle East and Vietnam are aware that agents from foreign countries have infiltrated ethnic groups in Australia.

The community leaders support claims by the new director-general of the ASIO, Mr Alan Wrigley, that there was "clear evidence" of infiltration of groups in this country by agents from Russia, Central Europe and the Middle East.

They said Mr Wrigley's statements lent official credence to claims about the activities of foreign agents which the ethnic communities had been making for many years.

According to those contacted yesterday, the foreign agents gather intelligence and report back to their home countries on the activities of groups and individuals here. They also attempt to infiltrate local groups in an effort either to divide communities or to act as *agents provocateurs* to stir up violence.

The ethnic representatives did not, however, believe that the agents posed any physical threat to Australian residents, and none of those contacted believed the agents were currently using any form of sophisticated surveillance techniques.

Mrs Irene Bibrowicz, secretary of the Polish Solidarity movement in Australia, said: "We feel they are watching us all the time, because they know we are against Russia."

Father Milorad Loncar, of the Serbian Orthodox parish in Liverpool, said that information-gathering activities by Yugoslav agents meant that Serbs in Australia could not publicly say anything against communism if they ever intended visiting or returning to Yugoslavia.

He said the community here had positive evidence that dossiers on activities of Serbs in Australia were gathered by agents of the Yugoslav Government. Anyone identified by the agents as anti-communist would risk immediate detention and imprisonment if they were to return to Yugoslavia, he claimed.

Mr Chahin Baker, of the Australian Kurdish Association whose members come from Iran, Iraq, Syria and Turkey, confirmed that Middle Eastern governments employed agents to collect information on Australian ethnic groups and to attempt to influence internal community politics.

Richard McGregor writes: ASIO keeps a watch both on foreign agents who have infil-

trated communities here, and on violence-prone members of the ethnic groups.

Mr Wrigley made his reference to foreign agents in an interview on the *Carleton-Walsh Report* on ABC on Tuesday night.

"We have a number of communities who come from other countries whose domestic political scenes are not as placid as our own," he said.

"There is always an element of concern that the agents of these countries will involve themselves in these communities. There is clear evidence in some circumstances.

"We want these communities to feel part of Australia, and to feel as safe and secure as other Australians," he added.

Asked to be specific, Mr Wrigley said some Central European and Middle Eastern countries came into this category.

Like his predecessor, Mr Harvey Barnett, Mr Wrigley spoke to the press on his appointment. But Mr Barnett gave no further interviews until his retirement.

Mr Wrigley's fresh approach is evident after less than a week on the job. He is a former Defence Department bureaucrat who says he is not seduced by the ethos of the world of espionage.

AUSTRALIA

OPPOSITION AIMS TO SWAY VOTERS WITH NEW POLICIES

HK100748 Hong Kong AFP in English 0712 GMT 10 Sep 85

[By Ian Pedley]

[Text] Canberra, Sep 10 (AFP)--Australia's new-look opposition today embarked on a 2-year programme aimed at wooing the voters with their liberal leader John Howard's recipe for economic reform.

Mr Howard, who last week ousted Andrew Peacock as opposition leader, yesterday dumped half a dozen Peacock loyalists from his "shadow cabinet" and replaced them with followers of his own economic "dry" philosophies.

The changes to the opposition front-bench lineup were seen today as a move to give voters a clear-cut choice to Prime Minister Bob Hawke's socialist government when Australia goes to the polls in 1987.

Mr Hawke himself acknowledged that the opposition might be a little better organised under Mr Howard though he said the divisions exposed within the Liberal Party during last week's leadership showdown would take some time to heal.

However Mr Howard signalled the beginning of a new opposition era today when he told a joint meeting of the liberal and national parties that the "difficult times" were over and warned that he would be judging his front-bench team on their competitiveness in the political arena.

While many of Mr Peacock's allies are out of the shadow cabinet, Mr Peacock was given the pick of portfolios and opted for foreign affairs--which will see him locking horns with Foreign Minister Bill Hayden, himself the victim of a leadership challenge which catapulted Mr Hawke to prime minister.

Apart from Mr Howard, the man with the most daunting job ahead on the opposition front bench is Jim Carlton who, as shadow treasurer, will be pitted against the formidable architect of Labor's economic policies, Paul Keating.

A former health minister in the coalition government of Malcolm Fraser, Mr Carlton is regarded as one of the principal strategists of the Liberal "dry" faction, who stand for deregulation, privatisation and small government.

Political analysts believe Mr Peacock erred by dispensing of his services in the shadow cabinet, but feel there may be a question mark over his ability to perform in the spotlight of the economic battleground, as with a couple of the other "dries."

With the resolution of the leadership crisis, which had been hanging over the liberals since last year's election, Mr Howard can be expected to stamp his own aggressiveness on the opposition rather than Mr Peacock's more relaxed style.

In particular, he will be expecting his deputy Neil Brown to take the attack to the government in industrial relations where the Labor Party's wages and incomes accord with the trade unions is generally perceived to be working despite the inevitable strains.

The Australian press today generally welcomed Mr Howard's reshuffle, while at the same time casting some doubts on the depth of talents in the Liberal ranks.

Leading newspapers also called on Mr Howard to clearly define his economic goals, with the influential SYDNEY MORNING HERALD saying that if it is to be taken seriously the opposition must produce an "honest," unambiguous document" for economic reform.

CSO: 4200/1529

AUSTRALIA

RESERVE BANK TIGHT MONEY POLICY PROMPTS HIGHER INTERESTS

Sydney THE SYDNEY MORNING HERALD in English 2 Aug 85 p 13

[Article by Alan Stokes]

[Text]

Money market interest rates surged yesterday after the Reserve Bank confirmed it would keep a tight grip on the money supply.

Professional rates are closely tied to a number of bank interest rates, so prime and overdraft rates face similar upward pressure.

Sustained pressure from the money market will pass to cash management trust, professional mortgage and home loan rates.

The concern over interest rates was reflected in the futures market, with a massive sale of bank bill and bond paper on a record volume of contracts.

The broad money supply growth figure of 15.8 per cent, released on Wednesday night, came with a direct indication that the RBA would try to restrict credit by keeping rates high.

"The strong growth of the monetary aggregates underscores the need for continued firm policy," the RBA said.

Prime rates have dropped slightly in the past month but overdraft and deposit rates have continued to climb.

Interest rates usually drop after the June tax rundown, but the need to support the Australian dollar, control the money supply and guard against inflation makes significant falls unlikely this year. August company tax payments will keep cash scarce and rates high in the money market in a climate of firm monetary policy.

The RBA put the theory into practice yesterday and took money out of the market when banks already faced a reasonably tight day.

More money will be drained from the market next week as \$400 million of Treasury notes and \$100 million of indexed Treasury bonds are paid for. Start-of-month Federal government payments to the States should inject funds from today, but the Reserve bank is likely to offset these inflows to keep rates high.

After such a strong pointer, dealers realised cash rates were

unlikely to fall and sold bank bills. Holders of bills had been incurring losses by funding them with money borrowed at high rates.

Yields on 90-day bank bills rose to 15.65 per cent from 15.35 per cent on Wednesday. The 180-day bank bill closed at 15.25 per cent from 15 per cent.

On the futures market, the September bank bill contract hit a low of 84.95 per cent from Wednesday's 85.43 per cent.

Money borrowed overnight stayed around Wednesday's 16.5 per cent, which was much higher than predictions of 14.5-15 per cent made by dealers and economists last month. The official dealers paid 15.5 per cent, with money at call after seven days at 16 per cent.

The key 10-year bond jumped to 13.5 per cent from Wednesday's 13.34 per cent before closing at 13.45 per cent. These securities were trading at 12.95 per cent a fortnight ago. July 1989 bonds surged to 13.5 per cent from 13.33 per cent, with July 2000 stock at 13.52 per cent from 13.4 per cent.

CSO: 4200/1519

AUSTRALIA

TRADE UNIONS, GOVERNMENT AGREE ON WAGE DEAL

HK110738 Hong Kong AFP in English 0650 GMT 11 Sep 85

[By Ian Pedley]

[Text] Sydney, Australia, Sep 11 (AFP)--Australia's trade unions today overwhelmingly accepted a deal with the federal government which will govern wage movements for the next 2 years.

The 1,200 delegates to the Australian Council of Trade Unions (ACTU) biennial congress here voted almost unanimously in favour of the deal which will continue the prices and incomes accord with the government through to the eve of the next general elections.

Under the terms of the deal, the government will support full indexation at the national wage case already underway, while at the next wage hearing due in 6 months time the unions will accept a 2 per cent discounting of indexation to balance the effects of devaluation of the Australian dollar this year.

For its part the government also will cut taxes by 2 per cent in September next year.

Unions see the deal as a major victory, since Australian Treasurer Paul Keating only last month had vowed to have the 3.8 per cent rise in the consumer price index over the past 6 months discounted by 2 per cent at the current wage hearing.

But faced with uncompromising opposition from the ACTU on the discounting issue, Mr Keating and Prime Minister Bob Hawke hammered out the deal which has proved acceptable to both sides, although many employers have accused the government of a sellout.

Political analysts said the government could gain some benefit from the deal since it guaranteed Australia's present wage fixing system for the life of the present parliament and underlined the strength of the Labor Party's basic tenet--its formula for prices and incomes peace with the unions.

Industrial Relations and Employment Minister Ralph Willis told the ACTU congress today that without the accord Australians would have to accept high

inflation and unemployment and the loss of its competitive edge in the international marketplace.

Alternatively, the government would be forced to contract the economy, placing it into recession with more unemployment and falling [words indistinct].

Mr Willis said the accord had proved an outstanding success and had led to Australia having one of the highest rates of employment growth in the Western industrialised world.

He said ACTU acceptance of the agreement demonstrated a continued collective responsibility that already had been shown to be working in the first 2 years of its existence.

CSO: 4200/1529



1 October 1985

## AUSTRALIA

## CATTLEMEN HIT SUBSIDIZED EEC BEEF IN PACIFIC BASIN

Broadway THE LAND in English 1 Aug 85 p 3

## [Text]

THE EUROPEAN Commission has introduced beef export subsidies to 10 Asian markets, confirming Australian cattlemen's worst fears that EC competition in the Pacific Basin was only a matter of time.

Although the markets involved are not major destinations for Australian beef, the move is seen as the "thin end of the wedge" and as such, has been condemned by Australian beef industry leaders.

Acting president of the Cattle Council of Australia, Mr Wally Peart, yesterday labelled the EC action as "despicable", while Australian Meat and Livestock Corporation deputy general manager, Dr Bruce Standen, said he viewed the development with "gravest concern".

Markets on which export restitution payments are to be made are Indonesia, the Philippines, China, Hong Kong, Pakistan, Sri Lanka, Burma, Thailand, Vietnam and North Korea.

According to the AMLC, the restitution

payments (subsidies by another name) to European exporters supplying these markets will be pitched at the lowest level available.

But even this will amount to the equivalent of between \$400 to \$700 a tonne for frozen beef, and a corresponding amount for live cattle.

Although the restitution payments come into effect this week, the move is not expected have any immediate impact on saleyard prices for Australian cattle.

Australian beef exports to the countries during the 11 months to May 1985 ran to little more than 2000 tonnes, making the total trade relatively insignificant in exports totalling 375,000 tonnes for the period. Hong Kong was the main destination, taking 1812 tonnes. As well, 2000 head of live cattle

were exported during the period, mostly to Indonesia.

But despite the small tonnage presently supplied by Australia, the AMLC points out that sale of subsidised EC beef into these countries will displace some of the 30,000 tonnes of beef currently supplied by other countries — in particular, South America — forcing these suppliers into markets now supplied by Australia.

Mr Peart said while the markets affected were not now large ones for Australia, they were in a region of economic growth and, as such, offered considerable potential for future beef sales.

There was also a grave danger that the subsidised exports would "leak" into Australia's major Asian markets and seriously depress prices.

Australia's major Asian beef markets — Japan, North Korea, Taiwan, Malaysia and Singapore — are at present protected from EC subsidised export competition by an agreement concluded in Brussels in February.

That agreement was the result of talks held in Brussels between an Aus-

tralian mission led by the Prime Minister, Mr Hawke, and senior EC leaders including the Commission president, Mr Delors.

Under the so-called Andriessen Agreement, the EC undertook to refrain from applying export subsidies to east Asian countries to which Australia had not had substantial beef exports in recent years.

Despite this commitment, the Ministers for Trade, Mr Dawkins, and Primary Industry, Mr Kerin, this week jointly protested to the EC Commissioner for Agriculture, Mr Andriessen, about the extension of subsidies.

In a joint statement they labelled the EC's move as "yet another example of the extension of the market destabilising influence of the EC's export subsidy practices".

They said the extension of export subsidies was "not easily reconcilable" with the spirit of the Brussels discussions.

Mr Dawkins and Mr Kerin said the latest development underscored the need to remain vigilant in scrutinising EC activity in Asia.

AUSTRALIA

BRIEFS

MILITARY FORCE REDUCTION--The full-time force of the Army and Navy is to be cut by about 1,300. The new ceiling for the Army will be down 677 to 32,000, while the Navy will lose 710 personnel for a new upper limit of just over 15,500. An Army spokesman said the reductions would be achieved through natural attrition, and that there would be no reductions in the field force. A Radio Australia correspondent says a major reason for the cuts is the large budget for capital expenditure, which this year totals \$1,700 million [Australian dollars], about a quarter of the defense budget. While the full-time numbers of the defense forces will be cut, the Army reserve is to be expanded by 7,000 to 32,000. [Text] [Melbourne Overseas Service in English 0830 GMT 9 Sep 85 BK]

ANTARCTIC RESEARCH--Australia is stepping up its research program in Antarctica to reinforce its claim to 42 percent of the southern continent. The science minister, Mr Barry Jones, said today the Antarctic research program for the 1985-86 season would be the most extensive by Australia for at least 7 years. He said it would be the first in a long time to get out into the field and cover areas that had been seen little or no Australian presence in the recent past. Involving 94 scientists and technicians, the research program during the southern summer will include survey and study work in the Commonwealth Bay, (Bunker Hills), and (Herd) Island regions. One hundred and five expeditioners will spend the southern winter next year at Australia's four bases--Casey, Davis, Mawson, and McQuarie Island. The increase in Antarctic research activity follows a commitment to charter a larger resupply vessel, "Icebird"; changes to the structure of the Antarctic Division, and an increase in funding. Mr Jones said the expanded program was the first step in a long-term plan to put Australia in a stronger position in Antarctic negotiations. [Text] [Melbourne Overseas Service in English 0830 GMT 9 Sep 85 BK]

HOWARD CHALLENGES HAWKE TO DEBATE--The new leader of the opposition Liberal Party, Mr Howard, has challenged the prime minister, Mr Hawke, to a debate on any subject at any time. Mr Howard made the challenge when arriving at Parliament House in Canberra after his unexpected election yesterday to the opposition leadership. He told reporters that he was unconcerned by criticism from Mr Hawke of his economic record. Mr Howard has singled out deregulation of the labor market as the biggest economic challenge facing Australia. He said deregulation would involve curtailing certain elements of trade union power and making the wages system more flexible. He is expected to announce the reshuffle of the Shadow Ministry early next week. The former leader of the Liberal Party, Mr Peacock, may be included in the list of those who will take positions on the opposition front bench. Mr Peacock lost the leadership when a special party meeting he had called to replace Mr Howard as his deputy defied him by reelecting Mr Howard over Mr Peacock's preferred candidate. Mr Peacock immediately resigned the leadership which Mr Howard then won convincingly in a second ballot. The new deputy leader of the Liberal Party is a Victorian lawyer and former minister in the Fraser government, Mr Neil Brown.

[Text] [Melbourne Overseas Service in English 0430 GMT 5 Sep 85 BK]

CSO: 4200/1515

INDONESIA

HARJANTHO REPORTS ON TRIP TO SOCIALIST COUNTRIES

BK071254 Jakarta MERDEKA in Indonesian 30 Aug 85 pp 1, 11

[Text] Some of the rebels of the 30 September movement of the Indonesian Communist Party [PKI] who fled to socialist countries are now behaving well. Every 17 August they go to the Indonesian Embassy to commemorate the anniversary of Indonesian Independence Day.

This was said by Deputy House Speaker Harjantho Sumodisastro when reporting on the outcome of the recent parliamentary delegation's 20-day visit to Bulgaria, Soviet Union, and East Germany.

Citing an example, he said that in the Soviet Union there are 17 former PKI members with good behavior. However, the number of those still at large in socialist countries is not known.

According to Harjantho, the government will discuss with the State Intelligence Coordination Agency [Bakin] and the Command for the Restoration of Security and Order [KOPKAMTIB] ways to solve the problem of those still at large.

At the same time the deputy house speaker had requested all the socialist countries that he visited to take into consideration the sentiments of the Indonesian people by not helping those rebels remnants.

Continuing, he said that apart from the 30 September movement/PKI rebels, there are other groups of Indonesians in the socialist countries that he visited. Some of them are former students while others are former government officials. They have taken up permanent residence in those countries and in fact, some have been naturalized.

Speaking on East Timor, Harjantho said that the Soviet Union has never posed any problem as the Soviets never recognized the existence of Fretilin [Revolutionary Front for Independent East Timor].

This was confirmed by the chairman of the Council of the Presidium of the Supreme Soviet of the USSR to the parliamentary delegation.

The parliamentary delegation also convinced the parliament and government of the countries they visited that the integration of East Timor and the Republic of Indonesia was based on the desire of the East Timor people themselves--only then were they accepted by the general congress of the People's Consultative Assembly.

INDONESIA

BRIEFS

MAHATHIR VISIT TO NATUNA--Indonesian Armed Forces Chief General L.B. Murdani was on an official visit on 29 August to Natuna Island to welcome the arrival of Malaysian Prime Minister Datuk Sri Dr Mahathir Mohamed and his delegation to observe several of the Indonesian Armed Forces facilities at Ranai Datar, on Natuna Island. In accordance with last year's General Border Committee meeting, Indonesia had granted access to Malaysia the facilities on the island for training of Malaysian military personnel. While in Natuna, Prime Minister Mahathir Mohamed was briefed on the geographic and demographic situation of the island. Mahathir had the opportunity to observe the island by air using an Indonesian military helicopter. After a 4-hour visit to the island. Mahathir had the opportunity to observe the island by air using an Indonesian military helicopter. After a 4-hour visit to the island, the prime minister and his delegation left for home in a special Malaysian aircraft while General Murdani continued his visit to Laut Island which is situated on the northern side of Natuna Island. Accompanying the Malaysian prime minister were Deputy Defense Minister Datuk Abang Haji Abu Bakar, secretary general to the Ministry of Defense Tan Sri Datuk Mohamed Yusof, and the chief of staff of the Royal Malaysian Armed Forces as well as other military and civilian officials. [Text] [Jakarta MERDEKA in Indonesian 30 Aug 85 p 1, 11 BK]

POLITICAL TEAM BEGINS WORK--Irian Jaya Governor Izaac Hindom saw off a joint sociopolitical information and guidance team in Jayapura today to the Indonesian-PNG border areas. The team comprises officials from the Irian Jaya Provincial Administration, the 8th Trikora Military region Command, the Irian Jaya Regional Police, the Irian Jaya Office of the Information Department, and the police commands of Jayapura, Jayawijaya, and Merauke. The border districts to be visited include Waris, Web, Arso, (Apipura), and Oksibil in the Jayawijaya Regency. Governor Izaac Hindom asked the team members to conduct good approaches with the people to achieve the objectives hoped for by the government. The head of the Irian Jaya Sociopolitical Directorate, Rasyidi, reported to the governor that the joint team will conduct its duties from 9 September until 7 December 1985. [Text] [Jakarta Domestic Service in Indonesian 1200 GMT 7 Sep 85 BK]

USE OF PALAPA SATELLITES--Neighboring countries who are consumers of Palapa satellite have changed the position of their antennae from the Palapa A-2 to Palapa B-1 after the return of the Palapa B-1 satellite to its original

position at around longitude 108° east. The head of the public relations office of the Directorate General of Postal and Telecommunication, (Samsuddin Tamiatmaja), said that Thailand has redirected its antenna towards the Palapa B-1 satellite for its telecommunication system but is still using Palapa A-2 for television broadcasting. Indonesia has rented the use of the Palapa satellite to Thailand and Malaysia at a basic tariff of \$693,000 per year and \$500 per use. [Text] [Jakarta Domestic Service in Indonesian 2300 GMT 7 Sep 85 BK]

CS0: 4213/326

LAOS

## LPRP RESOLUTION CITED AS CO-OP DRIVE CONTINUES

### Cooperative, Food Production Goals

Vientiane PASASON in Lao 29 Jul 85 p 2

[Article by Viengkham Thanousai: "Outstanding Wet Rice Farming District in Vientiane Province"]

[Excerpt] Plenum 7 of the third session of the Party Central Committee indicated that the primary plan for 1985 is that the entire nation must strive for 1.6 million tons of food production (1.4 million tons for rice alone), and it must raise the number of large animals to 1.55 million tons. Agricultural co-ops and other collective forms of living in the farming areas must be successfully implemented 60 to 70 percent.

### Savannakhet Co-op Campaign

Vientiane PASASON in Lao 27 Jul 85 p 2

[Article by Bounyong Saipangna: "Co-op Construction in the Center of Our Nation"]

[Excerpts] In part of LPRP Plenum 3 it clearly states in detail that "one duty in the construction of the agricultural economy in the first 5-year plan of the government in 1985 is to fundamentally succeed in agricultural co-op construction in the farming areas." In this regard Comrade Chanthalai of the provincial agricultural section committee and also agricultural co-op advisor of Savannakhet Province told us that 547 agricultural co-ops have now been organized throughout Savannakhet Province. There are 35,531 families and 213,360 people, 138,834 primary and secondary laborers, 77,491 draft animals, and a total production area of 48,158 hectares. The co-op families make up 43 percent of the 82,838 families who engage in agricultural production throughout the province. The number of agricultural co-op members make up 43 percent of the 497,016 people who engage in production and the farmland is 57 percent of the 84,114 hectares of farmland throughout the province. Three outstanding districts here are Champhon, Khanthaboury, and Outhomphon, each of which has been able to set up at least 120 units.

In 1984 there were only 168 agricultural co-ops throughout the province. However, it is clear that although these existing 547 units in Savannakhet

Province and especially the units that have just been set up have not yet had extensive experience in management including work techniques, with their enthusiastic attitude in every aspect each co-op unit now follows the slogan, "Units that are weak should try in every way to become better, and those that are better should try every possible way to advance to become strong units. Units with strong management must try to promote every possible hidden capability in order to make their co-ops strong and prosperous in every way."

#### Resistance to Cooperativization in Savannakhet

Vientiane PASASON in Lao 7 Aug 85 p 2

[Article by Simothong: "A New Struggle for Veun Neua Canton"]

[Excerpt] Veun Neua Canton is a successful production area because of its abundant land. Located 75 km from Savannakhet, it adjoins the Se Bangfai River and is nearly 10 km west of Route 13.

Veun Neua Canton has 7 villages with over 5,000 people and 964 families. In 1979 nearly 100 percent of the people voluntarily became agricultural co-op members. Ban Veun Neua was a leading unit in overcoming difficulties in converting from private production to an agricultural co-op because the understanding of new production techniques was not profound and also the inciting propaganda of some bad people. As a result the people in this area have had their ideology shaken. Because of this the starting of their new life stopped for a time. However, there has been a new period of intensive construction of a deep foundation of understanding of the policy of the party and the government and new production techniques among the people of ethnic groups. This has led them to make a new decision to succeed in the expected 1985 wet rice production. There is a need to gather great energy and solidarity for firm cooperation in carrying out wet rice growing. Organizing agricultural co-ops is an important means for succeeding in the expectation.

Mr Tiangkham, chairman of the administrative committee of Veun Neua Canton, said that 100 percent of the people in Veun Neua Canton, Outhoumphon District, [Savannakhet--FBIS] newly decided to return to collective production on 5 July 1985. There were 30 agricultural co-op units organized in 7 villages. There is a total of 2,343 primary laborers of whom 1,321 are women, 170 secondary laborers, and 1,948.70 hectares of wet rice cultivation area.

#### Vientiane Province Co-op Totals

Vientiane VIENTIANE MAI in Lao 8 Aug 85 p 2

[Article by Alomdi: "Vientiane Provincial Agricultural Co-ops Are Expanding"]

[Excerpts] The Vientiane provincial agricultural co-ops are now expanding at a strong pace in both quality and quantity. They will definitely become strong and expand without limit because the party committee, the provincial



administrative committee, and the section concerned have been attentively propagandizing and mobilizing the farmers to understand clearly the above-mentioned life style.

According to the volunteering and awakening of the farmers of ethnic groups throughout the province, they have now been able to set up a total of 175 agricultural co-op units of which only 83 units were set up in 1985. They were also able to organize 421 labor exchange units. The total ricefields of the co-ops and of the labor exchange units is over 12,000 hectares or 32 percent of the cultivation area throughout the province.

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CSO: 4206/175

LAOS

## HYDROPOWER PROJECT PLANNED FOR SOUTH

Champassak, Sekong Provinces To Be Served

Vientiane KHAOSAN PATHET LAO in Lao 31 Jul 85 p A5

[Article: "The Primary Achievement of the Survey for the Saset Hydropower Construction Project"]

[Text] The Saset Hydropower construction project in Saravane Province is an important project in the second 5-year plan of the Lao State Electrification Enterprise under the Ministry of Industry, Handicrafts and Forestry. Its aim is to expand the electricity network and respond to the need for electricity in the production bases in the two southern provinces.

By now the people of ethnic groups in Phon Thong and Pakse Districts in Champassak Province and in Lao Ngam District in Saravane have together cut trees, cleared woods, constructed a road for a photographic survey, and buried markers for putting in high voltage power poles in the future. The road is 114 km long and 6 meters wide, and was completed in 82 days.

This electrification construction project will start in 1986. The electrical production for the Saset hydropower plant will be 45,000 kWh. Construction will be divided into two periods. In the first period there will be 32,000 kWh with 115-kilovolt high-power transmission lines for 114 km, and 385 km of medium power transmission lines, in order to bring electricity to production areas in Champassak Province, Phon Thong, Pak Song, and Sanasomboun Districts, Champassak Province, and to Tha Teng District in Sekong Province. The Lao State Electrification Enterprise will also construct a concrete post production plant and a wooden post drying factory to be used for producing electric poles.

Planning Survey Finished

Vientiane PASASON in Lao 30 Jul 85 p 2

[Article by Angke Phonsena: "Project Survey for the Saset Hydropower Plant Construction"]

[Excerpts] Comrade Vilaphon Vilavong, committee chief responsible for the Saset hydropower plant construction project, told us that studies and

data collection have been carried out for many years. In the past 2 to 3 years the government decided to hire foreign engineers to advise in collecting data and in designing the plant. These tasks have now been completed. He also added that besides a dam there will also be constructed a concrete electric pole production plant and a factory to dry wooden poles for making electric poles. All of this construction is expected to start by the end of 1986, which is the first year of the second 5-year plan of our party and government.

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CSO: 4206/175

MALAYSIA

POSSIBILITY OF FORMATION OF NEW CHINESE PARTY VIEWED

Selangor KIN KWOK DAILY NEWS in Chinese 20 Jun 85 p 2

[Commentary: "Chinese Society Brewing a New Party"]

[Text] Recent news said that a group of people in Chinese society is brewing a Chinese-based political party for the purpose of taking part in the forthcoming national elections.

Organizing a political party is not a new topic of conversation. As a matter of fact, prior to the latest general elections, a group of people representing Chinese school teachers and trustees had reportedly tried to form a new party, because they were fully aware that only through political channels could the problem of Chinese education in Malaysia be solved.

Eventually, the concept of forming a new party failed to materialize. Nevertheless, at the time several members of the Federation of Chinese School Teachers and Trustees switched to the Malaysian People's Movement [GERAKAN] and, under GERAKAN's banner, two of them managed to be nominated for parliamentary campaigning. As a result, one succeeded in entering the Parliament, while the other lost out.

It is evident that their switch-over to the GERAKAN party was a touchstone for marching into the political arena. Today, as Chinese society members are talking about forming a new political party, many will no doubt recall the case of members of the Federation of Chinese School Teachers and Trustees.

However, reports are rife that a group of political workers, who were active in the 1960's, are contemplating about staging a comeback. If this were true, their political strength must not be taken lightly.

"The wind sweeping through the tower heralds a rising storm in the mountains," so says an adage. Although the formation of a new political party is merely a rumor, yet, judging by the situation, such a possibility exists.

There is no denying that all ethnic-Chinese citizens share the same feeling of the growing deterioration of our economic and political positions in this country, while facing a lot of trouble in education and cultural matters. We must have a powerful Chinese political party to strive for and safeguard our rights and interests.

The Malaysian Chinese Association [MCA] is the largest Chinese political party. Although in the past it gave a good performance in defending Chinese rights and interests, yet it has never enjoyed the full support of Chinese society members, especially after the outbreak of MCA's factional war, which caused many Chinese to lose their confidence in it.

The GERAKAN party professes to represent the interests of various nationalities, but, as most of its members are ethnic-Chinese, it is generally regarded as a party that can strive for the rights and interests of the Chinese group. However, this party is at present embroiled in many internal troubles, so how can it make contributions to Chinese society?

The Democratic Action Party [DAP] is an opposition party, and it's even more difficult for it to fight for the rights and interests of the Chinese nationals, all the more so because everybody knows that its political clout has been dwindling with the passing of time.

Due to the above factors, the possibility for certain Chinese society members to form a new political party does exist.

Of course, many important problems must be considered before a new party can be organized. Will it get the support of the entire Chinese people? Can it effectively fight for the rights and interests of the Chinese? If there is no certainty of success on these two points, it is better to forget the whole thing. Otherwise, in the wake of a new party, the political strength of the Chinese group would be splintered further.

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CSO: 4205/33

MALAYSIA

COMMENTARY VIEWS PROSPECTS FOR FORMING NEW CHINESE PARTY

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 23 Jun 85 p 26

[Commentary: "Prospects for the Chinese To Form a New Political Party"]

[Text] In view of the emergence of the Chinese society's political intention to form a new party, this paper has carried out a series of interviews in hopes of providing interested parties and the intelligentsia with many-sided opinions for their reference. At the same time, we hope that our readers and the Chinese society in general can better understand their plight through these interviews and vigorously attend to problems affecting their vital interests.

Our special report on this issue shows that the interviewees, representing people of various walks of life, evince great interest in the political future of the Chinese nationals, regardless of whether they approve of or object to the formation of a new Chinese party. Datuk Ho Boon Han and Tan Sri Lee How Your, both "veteran generals," have a deep understanding of the Malaysian Chinese Association [MCA]. Datuk Ho advocates that the MCA be restored, but disagrees with the forming of a new party; Tan Sri Lee believes that if there is no other choice, organizing a new party might be a way out, adding that the power struggle within the MCA is a sequela of political commercialization. Although Datuk Ho and Tan Sri Lee differ in opinion, both show great insight.

Judging by the MCA and the plight of the Chinese nationals, organizing a new Chinese political party under the prevailing circumstances should be regarded as an attempt at a breakthrough.

We all know that for a long period since its founding more than 30 years ago, the MCA has virtually monopolized the right to representation for the Chinese people. Theoretically, it should have had better opportunities and more advantageous conditions to strive for Chinese interests and to establish a high prestige and confidence among Chinese society. But the MCA failed to grasp these opportunities to play the model Chinese political party role.

In 1973, the reform faction and the ruling faction within the MCA had a big clash which hurt the party's vitality. Despite subsequent reorganizations, the succeeding MCA leaderships did not absorb the past experience and rally their forces to open up a new situation; instead, they followed the same old disastrous road and aggravated the situation, so that the MCA virtually has fallen beyond redemption.

Objectively speaking, in the 30-year period between the Alliance era and the present National Front stage, the Chinese people have given the MCA ample opportunities to give a good show of defending Chinese rights and interests. But its presentation has been most disappointing.

The intelligentsia are vanguards for a social reform movement. Under the present political situation, formation of a new Chinese political party by Chinese intellectuals not only would rejuvenate the political spirit of the Chinese in general, but also deal a powerful blow to disappointing Chinese political parties.

We believe that as long as the vigorous elements in organizing a new party can keep in mind the interests of the country and people, and draw up a political platform for attaining Chinese rights and interests, as well as Chinese unity, the projected party will surely enjoy the support of all political parties and outstanding elements of Chinese civic organizations. Together, they will struggle and fight for the political, economic, cultural and educational rights of the Chinese nationals.

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CSO: 4205/33

MALAYSIA

PAPERS COMMENT ON DEVELOPMENT OF TRADE WITH CHINA

Trade Promotion Measures Viewed

Selangor KIN KWOK DAILY NEWS in Chinese 27 Jun 85 p 2

[Text] Prime Minister Datuk Sri Dr Mahathir indicated that the government has slackened the restrictions against private visits to China, with the hope that trade relations between the two countries can be improved.

In the past, no businessman below 30 years of age was permitted to go to China for any purpose whatsoever.

Of course, the government had political considerations when it adopted this policy, because only government-to-government contact was envisaged after the establishment of Malaysian-Chinese diplomatic relations in 1974. Association between the two people were strictly forbidden.

The main reason for adopting this policy was to safeguard national security and unity, because both countries pursue two differing social systems.

Although the government has announced the slackening of bilateral trade restrictions, free contacts between the peoples are still restricted. This is a kind of political factor.

At present, China is carrying out its four modernizations. Many countries in Southeast Asia have taken part in this program one after another with the hope of obtaining some benefit. This is a most practical way of getting involved. As far as Malaysia is concerned, if we wish to get in, we must first of all consider whether our participation will bring benefit to our economy.

At present, Malaysia's trade with China still shows a big deficit. In 1982, our exports to China amounted to M\$258 million, while our imports from China totaled M\$646.6 million; in 1983 we exported to China M\$364 million, but imported M\$625.7 million; in 1984 the figures stood at M\$310.2 million and M\$552.3 million respectively.



In other words, our trade deficits with China were M\$231.7 million for 1982, M\$388.4 million for 1983 and M\$242.1 million for 1984.

Based on the above figures, it is essential that Malaysia must make a special effort to improve the unbalanced trade relations with China.

Traditionally, the Chinese government has been importing mainly primary products from us, including rubber, lumber products, sawn timber and palm oil, while our imports from China have been canned foodstuff in the main.

In 1971, Malaysia and China signed a joint communique, recognizing state enterprises as the sole agent for China's products. All businessmen who wish to do business with China must get the approval from the Chinese state enterprises.

However, when Malaysia brought up the question of direct trading with China, each side held a different interpretation from the other on the term "state enterprises." The Malaysian government maintained that buying products through state enterprises is a kind of direct trading, while the Chinese side held direct trading should be free from involvement of any organization.

Direct trading has always been an issue that Malaysia wants to stress in its trade relations with China. When the prime minister visits China in November this year, it is believed that he will bring up this matter with the Chinese authorities in order to attain our final objective of a trade equilibrium.

#### Ways To Develop Trade

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 27 Jun 85 p 22

[Text] Prime Minister Datuk Sri Dr Mahiahir indicated that the government has lifted the restrictions against China visits with the view to improving the economic and trade relations between the two countries. However, the Malaysian-Chinese bilateral relations are still maintained on the government-to-government level, while the existing restrictions against social contacts and visitations are still in effect.

According to the officials concerned, the slackening of restrictions is only meant for preferred businessmen who can bring benefit to our country. This type of businessmen is now classified under a new category, by which the erstwhile minimum age condition of "over-30-year-olds" is now dropped.

The prime minister also confirmed that on 6 June that cabinet discussed a paper on Malaysian-Chinese relations and agreed to relax the China visitation restrictions in order to grasp the trading and investment opportunities in connection with China's four modernizations.

Pending the prime minister's official visit to China, although the government's decision does not mean that problems of bilateral trade and private contacts between the peoples have been solved, at least it signifies our government's sincerity in improving Malaysian-Chinese relations.

Since it started to implement its four modernizations, China has attracted Western nations and some industrialized Asian countries to invest capital there. Ours is a developing country, and we must not ignore China's huge market. However, as we have not solved problems involving direct trade and "security," our government still adopts a cautious attitude in its efforts to grasp China's market.

Objectively speaking, our government's relaxation of our businessmen's visitations to China will aid them in seeking trading opportunities and grasping the market in China, apart from promoting our exports. On a long-term range, these businessmen will even strengthen our competitive capabilities against their Hong Kong and Singapore counterparts, promote Malaysian-Chinese trade and narrow the gap of our country's trade deficit.

In fact, the trade imbalance between Malaysia and China is mainly due to indirect transactions through third parties. To change this unfair phenomenon, leaders of both countries must get rid of all obstacles and sign a trade agreement not only augurs well for an improvement in the economic and trade relations of both countries, but also brings advantage to consumers in general.

Malaysia and China have had a long trading relationship and their traditional friendship dates back to the olden times. According to records in the "History of the Han Dynasty" about 2,000 years ago, China's merchants already began to trade with countries in the Malay Peninsula.

Since the establishment of Malaysian-Chinese diplomatic relations in 1947, trade contacts have basically increased. However, it is deplorable that despite long years of association, direct trading between the two countries has not been established.

A thousand-mile journey is started by taking the first step, so says an old Chinese adage. The late Premier Tun Razak already took this historic step 11 years ago by opening up an era of normalization between the two countries. We hope that our Prime Minister Datuk Sri Dr Mahathir, who will make Malaysia's second official visit to China, can write a new page for the development of Malaysian-Chinese trade relations.

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CSO: 4205/33

MALAYSIA

TAN KOON SWAN URGES GOVERNMENT ACTION ON ECONOMIC CRISIS

Selango SIN CHEW JIT POH MALAYSIA in Chinese 19 Jun 85 p 14

[Text] Tan Koon Swan, JP, today called on the government to take speedily all necessary measures to solve the economic crisis our country is now facing.

He pointed out that our economic activities, particularly in the field of small-scale commerce and industry, are at present in a stagnant stage, causing difficulties to the livelihood of the common people.

"In all fairness, the economic crisis we are facing is not an economic problem per se, but has mainly been caused by political instability; therefore, the government must immediately find ways to ease the political tension and calm the people's hearts," Mr Tan said.

He added that in the process of adopting firm steps to resolve the difficulties, the authorities may evoke some displeasure among certain minority groups, but, in the interests of the state, we must not allow the situation to worsen.

Tan Koon Swan made these remarks while officiating at the opening ceremony for the Headquarters of the Malaysian Youth Economic Development Cooperative at Pan Shan Pa [phonetic], Kuala Lumpur.

He indicated that if the economy continued to worsen, our country would be confronted with a serious unemployment problem which in turn would cause further social and political disturbances.

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CSO: 4205/33

MALAYSIA

# SPEEDY IMPLEMENTATION OF PRIVATIZATION PROGRAM URGED

Selangor KIN KWOK DAILY NEWS in Chinese 24 Jun 85 p 2

[Commentary]

[Text] The idea of turning certain government organizations into private businesses was brought up a long time ago, but so far we have not seen the authorities making a detailed plan on this concept. This is something we deplore.

It cannot be denied that if the government could speedily put its privatization plan into effect, it would bring great advantage to the country's development, especially now that the government is advocating the broadening of income and reduction in expenditure. A privatization program would be the best channel to attain this aim.

Why do we want a privatization plan? As a matter of fact, such a plan has long been put into practice in many capitalist countries in Europe and America. For example, at present the British government believes that in certain respects, its responsibilities are redundant and wasteful, and that if these government bodies could be taken over by the private sector, the government could reduce its burden and generate efficiency.

Our country is similar with Britain. At a time when we are facing an economic crisis and our economy is in the doldrums, it is essential for us to increase income and reduce expenditure, and implementing a privatization program would be the best way to decrease expenditures.

In our national budget, it is known that government public services represent a big slice of the total, which means a great burden to the nation. For instance, last year alone the government spent no less than M\$8.7 billion for public services. It would have been more beneficial to the country, if the government could have utilized this money in other fields.

As Auditor-General Ahmad Noordin has said, many of our government bodies can be privatized, such as the State Electricity Bureau, Bureau of Malaysian Railways, Bureau of Public Works and Bureau of Telecommunications.

In the past, the government earmarked huge funds for the development of these bodies. After their privatization, these apparatuses can develop at a quicker pace, while the government can save a lot of money.

Salaries and subsidies of functionaries also represent a mammoth government expenditure. According to statistics, we now have 870,000 civil servants, and this year alone the government will pay them salaries and subsidies amounting to M\$7.4 billion. This figure does not include salary increments the government promised the other day.

At the present moment, the government is considering whether it is necessary to reduce the number of functionaries in order to save money. However, if the government transfers some organizations to the private sector, the good thing is that it need no longer pay the salaries of so many functionaries.

Finance Minister Daim Zainuddin has hinted that in maintaining the present number of government officials, the government cannot shoulder any extra burden. Furthermore, the government continues to spend large amounts of money on administration, including the welfare of the functionaries. This is not economical.

Privatization is a good policy, and an essential one, too. If the government can appropriately handle its privatization program, it will greatly reduce our nation's financial burden and at the same time enhance the productivity of our workers and, in turn, augment their income.

It is essential that the privatization of certain government bodies be put into effect, and it is hoped that the government can implement this program as soon as possible.

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CSO: 4205/33

PHILIPPINES

MANILA ALLEGEDLY BASE FOR SMUGGLING CHINESE TO U.S.

HK060733 Manila METRO MANILA TIMES in English 4 Sep 85 pp 1, 3

[By Bobby Coles]

[Text] Authorities are investigating reports that the Philippines is being used by a Manila based syndicate as the jump-off point in its smuggling of humans to the United States and Europe. Intelligence reports said the syndicate, composed mostly of Chinese nationals, shipped an average of 300 People's Republic of China (PRC) citizens a year to the United States and big cities of Europe. The illegal migrants undergo clandestine schooling and orientation in apartments or condominium units of syndicate members in Manila.

Taught

They are taught how to speak English and Philipino languages, Philippine and American cultures, history, elementary political science and economics. Efforts to stop the syndicate's human smuggling operations were unsuccessful because some government officials have been allegedly in cahoots with the ring's leaders, sources said.

According to intelligence reports, the syndicate, which also operates a travel agency in Manila, facilitates the entry into the United States of PRC nationals after finishing the crash schooling and orientation by producing fake documents making it appear that the PRC nationals are Filipino citizens.

Fake Docuemnts

Sources said all the documents were fake. A PRC national who arrived in Manila could instantly become a Filipino citizen with the help of the syndicate. The fee, sources said ranged from \$40,000 and above. The fast learners spend less because their schooling is shortened.

With the use of fake documents vouching for their Philippine citizenship, the PRC nationals, through the syndicate, apply for U.S. passports and visas. Their original passports and records of entry as tourists are discarded with the help of the contacts of syndicate in various government offices or agencies.

Sources said the syndicate raked in millions of pesos that it could easily acquire comdominium units even in exclusive villages in Metro Manila where their wards were kept prior to their departure to the United States or Europe.

Government agents had earlier raided two condominium units allegedly occupied by syndicate members. Four PRC nationals were found in one of the two condominium units. But the agents were prevented from arresting the illegal entrants because of technicality. The agents were armed only with search warrants and not arrest warrants.

#### Documents Gone

The raid was conducted to recover fake documents and paraphernalia being used by the syndicate in the manufacture or production of fake travel documents, birth certificates, income tax payments receipts and forms and other documents to legitimize their stay in the country. The clandestine office of the syndicate in Manila's Chinatown was also raided but, for still unknown reasons, the documents the raiding party wanted to get were gone when the raiders arrived.

CSO: 4200/1527

PHILIPPINES

COLUMNIST DISPUTES MARCOS' STATEMENTS IN INTERVIEW

HK101200 Manila BUSINESS DAY in English 9 Sep 85 p 4

["Here and Now" column by Francisco S. Tatad: "Stronger Than the Strongest"]

[Text] President Marcos will be 68 this week. He has been in office for 20 years, longer than all his five predecessors since 1946 combined. He presides over a country divided by hate, afflicted with insurgency, burdened with foreign debt, and bypassed by economic development. How does he think he will be remembered by history?

The Asian WALL STREET JOURNAL asked him that question a few days ago, and this is what he said: "I'll probably be remembered as the president who stayed on for 20 years--because nobody else was reelected.... I will probably be remembered as the president who radically restructured Philippine society and angered a lot of my friends. I would like to be remembered as the reforming president, utilizing even such legal mechanisms as martial law to restructure instead of maintaining the status quo...."

It is ironic that while he sees himself as a reformist, it is precisely his refusal to institute badly needed reform that has placed the country in dire straits. His capture and accumulation of power have been impressive, but his use of it for the nation, a complete disappointment. As the JOURNAL puts it, "the Philippines is the only country to have been bypassed by the swirl of economic development that has buoyed up most of the East Asian and Southeast Asian regions in the past decade. It's the only non-communist Asian country that has had to reschedule its external debt. It's the only country that has a serious insurgency problem fueled solely by domestic discontent." And it is the only Asian country where the per capita income, instead of increasing or at least remaining static, has gone back to previous levels.

Mr Marcos shows no awareness of this. He thinks the opposite is the case. "We feel that the great bulk, 60 percent of the lower classes of our people, have received the bulk of growth while in the (other countries) it might be the upper classes." (In the 1985 BBC survey, portions of which Malacanang propagandists now quote, 74 percent of the population consider themselves poor, or living below the poverty line.)

"Are you saying, Mr President," asks the JOURNAL, "that in your view the Philippine economy is stronger today than the economies of some of the other Southeast Asian countries?"



"My answer is yes." says Mr Marcos.

In 1965, when Mr Marcos first came to power, the country's total merchandise exports amounted to \$796 million. Korea had \$175 million; Taiwan, \$450 million; Thailand, \$603 million; Indonesia, \$633 million. In 1982, the Philippines posted \$5.7 billion; Korea \$21 billion; Tiawan, \$22 billion; Thailand, \$7 billion; and Indonesia, \$23.3 billion. This year, Philippine export revenue is expected to decline by 15 percent, GDP to grow at a negative 3 percent. Where is the perceived "strength" coming from?

Nobody knows.

From time to time, one can fudge statistics and dress up financial statements (like the Central Bank's) to fool the IMF. But, just as one cannot conceal malgovernment from the malgoverned, one cannot in the end conceal suffering from the sufferers. A bad economy is like bad breath; it announces itself. The persident cannot tell the children of Negros or any of the million Filipinos who consider themselves "poor" that their national economy is stronger than the strongest, and that their pvoerty, unemployment, hunger and the other conditions they complain about are all imagined.

Indeed, some have gotten rich beyond their wildest imaginings. They are now among the richest men in the world. But the fact that that special class exists may have only aggravated the grievances of the poor, and brought the time bomb that is the whole country closer, rather than father, to its explosion point. It is ticking away, and time is running out. And it has no chance of being yet disarmed if Mr Marcos keeps on saying the danger does not exist.

It is not easy to say at this point which is worse--the government's economics, or its polemics. But if national economic recovery is to take off, Mr Marcos will have to confront the truth. No one expects him to say that after 20 years in the presidency, he has failed to grasp the basic principles of the market or of economic management. But he has to stop boasting about nonexistent achievements, and tell the nation whose help he needs that "we are in a sorry mess."

This he can do on Wednesday as he turns 68.

CSO: 4200/1527

PHILIPPINES

KBL OFFICIALS SAY SNAP POLL WOULD FAVOR MARCOS

HK100857 Manila BUSINESS DAY in English 9 Sep 85 p 16

[Text] President Marcos has more to gain in holding snap presidential polls before the local elections, several Kilusang Bagong Lipunan officials told BUSINESS DAY.

They said the president would win, and the Bishops Businessmen's Conference (BBC) survey merely confirmed this.

One Metro Manila vice-mayor claimed snap polls have to be held to put the country on the way to economic recovery. Contrary to what newspapers claim, the nation's economy is actually on the downtrend and his businessmen friends not only confirm but also experience this, he said.

He alledged that foreign and local investors are not about to pump in money until they are reasonably sure of who would lead the country after 1987. He explained that their present attitude is to wait for the next presidential elections before bringing in money.

Another vice-mayor said that if he were the president he would run before the next local elections so that local officials would be forced to do their utmost to support him so as not to jeopardize their own chances for reelection.

For the same reason, mayors do not want the snap polls, a third vice-mayor told BUSINESS DAY. That way, the president would be forced to continue playing politics with the incumbent mayors.

Earlier, several KBL officials stated that snap polls would be "divisive and expensive." Other KBL and ministry officials, however, are now saying otherwise.

One of the vice-mayors who agreed to talk provided he remained anonymous indicated that the holding of the local elections before the presidential polls would be more dangerously divisive than the other way around.

He claimed that if local polls were to be held first, the president cannot be sure of getting the support of those who would win. Furthermore, those he would not support for reelection could very well campaign against him.

KBL officials also used to decry the expenses involved. Recently, however, Budget Minister Manuel Alba indicated that the nation can afford to have an election and this would not hinder economic recovery.

MP Arturo Tolentino, however, continues to maintain that snap polls would be bad for the economy. He told BUSINESS DAY that if two elections would be held just a few months apart, (this December and in May), "we are likely to exceed the limit of money supply imposed by the IMF (International Monetary Fund). At least we should have a 1 year gap between elections in which to mop up excess money."

While only the president can decide on snap polls, sources said they see visible preparations for one. They note these in the daily meetings of various organizations at Malacanang with President Marcos and his wife, the monthly political surveys, and the assiduous patching up of quarrels between various factions in the KBL.

To ensure credible elections, the vice-mayors interviewed said, teachers should guard the polls while Namfrel (the National Movement for Free Elections) may stay provided it "purges itself of certain people who are clearly identified with the opposition or with a party."

As for the suggestion to use personnel from the Commission on Audit (COA) in lieu of teachers, one vice-mayor said he had no trust in COA auditors. "They can't even audit vouchers properly," he claimed.

"If you're talking of credibility, public school teachers are one of the most credible," another vice-mayor said.

CSO: 4200/1527

PHILIPPINES

SOURCES SAY MARCOS, KBL PONDER REFERENDUM, NOT POLL

HK110445 Manila BUSINESS DAY in English 10 Sep 85 p 24

[By Tara S. Singh]

[Text] A nationwide referendum instead of a snap presidential election to gain a new mandate from the people is being considered by President Marcos and the Kilusang Bagong Lipunan [KBL] hierarchy, sources disclosed yesterday.

The proposed referendum (one of the few options,) which will ask the people to support President Marcos' program of government, will be discussed when the KBL general membership meets in a caucus on Thursday in Malacanang.

The proposal to hold a referendum, the source said, will avoid the constitutional requirement of having President Marcos to resign from office before he runs for reelection.

The Constitution (Article 7, Section 9) provides that in case of vacancy (resignation), the speaker of the Batasang Pambansa shall act as acting president until a president is elected and has qualified.

Special elections to elect a president shall be between 45 and 60 days from the time of such call.

The Constitution provides that referenda can be called at anytime to determine the "will of the people" on certain issues. Under the proposed referendum, the sources said, the question will be asked for the people to support the Marcos program by simply voting "yes" or "no."

Questions on economic recovery and the campaign against the increasing insurgency will certainly be asked, the sources said.

According to the sources, another question that will be posed in the referendum deals with a constitutional amendment allowing the incumbent president to run for election without resigning from office.

Earlier, Marcos considered the holding of a snap presidential election if the economic recovery program and the fight against insurgency will be prejudiced.

He said he needs a "fresh mandate from the people" to successfully achieve the desired end.

To determine what should really be done, Marcos then asked the KBL hierarchy to conduct a survey among the Barangay members. The results showed that the Barangays have overwhelmingly voted against the holding of a snap presidential election at this time because "it is divisive and expensive."

However, Marcos was not satisfied with the first survey and ordered a second one to be made, to include the labor, student and opposition sectors.

The result of this new survey will be discussed during the 12 September KBL caucus.

CSO: 4200/1527

PHILIPPINES

CARDINAL SIN REACTS TO POLL, SUPREME COURT RULING

HK061041 Hong Kong AFP in English 1029 GMT 6 Sep 85

[Text] Manila, 6 September (AFP)--Top Filipino prelate Jaime Cardinal Sin today said a poll sponsored by church and business leaders proved that President Ferdinand Marcos' popularity was slipping, contrary to other readings of the survey.

Speaking to reporters at his villa here, he also criticized a Supreme Court ruling last week which threw out the main evidence against armed forces chief Gen Fabian Ver and seven others accused of opposition leader Benigno Aquino's 1983 murder.

"If you really study the survey, it means that the rating of the popularity of Mr Marcos is going down," the Archbishop of Manila said, rejecting publicists' interpretations of the prestigious opinion poll.

The survey commissioned by the Bishops-Businessmen's Conference and conducted last June and July reported that 52 percent of respondents believe "many or very many" will vote for Mr Marcos in a presidential election.

Echoing the argument of a Jesuit scholar who analyzed the survey, Cardinal Sin compared the rating to the 80 percent vote Mr Marcos received in the 1981 presidential poll, 5 months after the end of more than 8 years of martial law.

In reference to a scandal over the president's alleged vast property holdings abroad that erupted after the survey was completed, Cardinal Sin said "now that the announcement of the hidden wealth was done, maybe it is only 30 percent."

"So he could not be happy. But still he is in the majority," added the cardinal, who said he believed that the survey was professionally conducted.

The next presidential election is set for 1987 but there is much speculation here about the possibility of a snap poll before then.

Asked about the higher performance rating which 50 percent of the respondents gave to the president's wife Imelda, as compared with 44 percent for Mr Marcos, Cardinal Sin quipped: "That is why there is now a complicated situation in Malacanang (the presidential palace)."

"That's why yesterday she was saying that if she is popular it is because of the president, so she is not going to run," he said, referring to Mrs Marcos' statement that her popularity was just a reflection of the president's and that she would quit politics if he left office.

Of the controversial Supreme Court ruling last Friday, he said, "I am just so afraid that the Agrava Commission will be the one victimized and they might decide that the Agrava Commission was the one who killed Aquino."

A five-member citizens' panel led by retired Judge Corazon Agrava looked into the 21 August 1983 slaying of Mr Marcos' political rival and concluded that a military conspiracy was behind the slaying. Its findings led to the current trial of 26 people for the murder.

The Supreme Court ruled that prosecutors could not use as evidence the testimonies of General Ver and seven others charged as accessories for allegedly trying to cover up the crime by lying to the Agrava Board.

The decision was widely seen as a step closer to General Ver's acquittal.

Cardinal Sin, a longtime critic of the Marcos administration, spoke earlier at a press conference about a large prayer rally he is to lead here on Sunday.

"We are thinking of inviting 500 million people because, after all, during this period, we cannot go to the Supreme Court, so we have to go to God," he said.

Asked by reporters about the case of an activist priest allegedly abducted by military agents last July, he said: "I presume that he must be dead already. I don't know, I hope that he is still alive."

Father Rudy Romano, a vice president of the militant opposition alliance Bayan, was reported kidnapped in the central city of Cebu last 11 July.

His superiors and an eyewitness told the Supreme Court that army intelligence men abducted the priest, but the military denies any involvement in the incident.

Cardinal Sin gave a lukewarm response to Mr Marcos' order Wednesday to bring the probe of the case here because witnesses were afraid to come out in Cebu, and to the president's request that protests over the abduction cease.

"That is what the newspapers say," he said, adding that to bring the probe here would only raise further legal "complications."

CSO: 4200/1527

PHILIPPINES

MANILA, IMF DIFFER OVER RESTRUCTURING

HK110531 Manila BUSINESS DAY in English 10 Sep 85 p 2

[By Rigoberto D. Tiglao]

[Text] The International Monetary Fund (IMF) and the Philippine Government are in disagreement over the program for the reorganization of the Philippine Sugar Commission (Philsucom) and the Philippine Coconut Authority (PCA), with the IMF insisting that the members of the two regulatory agencies must not have any private interests in either the sugar or coconut industries.

BUSINESS DAY sources explained that the IMF wants the composition of the two boards to be similar in nature to the composition of the Central Bank's [CB] Monetary Board. "Just as you cannot be a member of the Monetary Board if you have any interests or positions in the private banking industry--for example, as a director of a commercial bank--the IMF wants members of the Philsucom and the PCA to have no positions or equities in firms engaged in the two industries."

If the government accepts the IMF position, either there will be a complete revamp of the Philsucom--since the members of the commission are representatives of planters and millers elected in a controversial election last May--or there will be a major change in its authority. Ambassador Roberto S. Benedicto, who owns sugar mills and is chairman of the Republic Planters Bank, may have to resign as chairman of Philsucom.

The sources claimed that ambassador Eduardo Cojuangco's resignation as a [word indistinct] of the PCA in February was in line with the IMF recommendation of completely separating the regulatory bodies from commercial interests. Conjuangco, president of the United Coconut Planters Bank (UCPB) which is classified as a private bank, used to be a board member of the PCA by virtue of his being the operator of the private hybrid seed farm that will provide the seeds for the coconut replanting program. So far, after Cojuangco's resignation, no representative of the seed farm has been appointed to the board.

The present chairman of the PCA, Rolando de la Cuesta, also holds directorships in the UCPB and the Philippine Coconut Producers Federation (Cocofed), officially a private association of coconut farmers.



The sources claimed that together with the government's request that it be allowed to incur a bigger budget deficit than what was earlier agreed upon, the issue over the composition of the sugar and coconut regulatory agencies remain the stumbling blocks to the finalization of the government's revised letter of intent to the IMF. This letter will contain the government's commitments to the IMF as conditions for the continuation of the fund's standby credit facility. Failure of the government and the IMF to finalize the revised letter of intent will mean a delay in the release of the third tranche of the fund's standby credit facility scheduled at the end of this month. This in turn will delay the release by the country's creditor banks of the second portion of the \$925-million new commercial loan which may derail the government's program for orderly settling its foreign loan repayment arrears.

The IMF position actually echoes that the World Bank which has completed its evaluation of the sugar and coconut industries. The IMF has included the World Bank recommendations among its so-called "qualitative performance criteria" for the revised letter of intent that is expected to be deliberated by the fund's executive board on 25 September.

CB Governor Jose B. Fernandez Jr about 2 weeks ago indicated that the disagreement between the Philippine Government and the IMF remained unresolved, pointing out that the "qualitative performance criteria, such as those involving the sugar and coconut industries" have not yet been firmed up.

The World Bank representative in the Tokyo meeting last July of the country's largest official creditors had also pointed out the differences in views between the government and the World Bank. The bank representative in that meeting said: "While the broad objectives (for the program in the coconut and sugar industries) were commonly shared, there still remains a few but significant differences in the approaches proposed by the bank and the IMF, and those put forward by the government."

"In particular, some differences remain between the government and the World Bank and IMF on issues pertaining to the composition of the boards of the regulatory agencies," the World Bank representative pointed out.

The Philippine Government has maintained that the two regulatory bodies should be jointly composed of government officials and representatives of the private firms engaged in the two industries. Along this line, the government decided a few months ago to hold an election among sugar millers and planters to determine the composition of the Philsucom. The World Bank however viewed such a type of regulatory body as one of the factors that led to these agencies' failure to anticipate and respond to the crisis that hit the two industries. The IMF-World Bank view is that the regulatory bodies for these two industries, similar to the regulatory bodies for other industries, should be completely separated from the private sector to ensure their independence.

In his speech prepared for a meeting of the joint Rotary Clubs in Cebu last week, Fernandez also disclosed the changes planned for the two bodies--which may indicate that some agreement has been recently reached between the IMF and the Philippine Government. "To enhance the effectiveness of the PCA as an

independent body, measures will be instituted to ensure a balanced representation in the PCA board, by enlarging and altering its current membership and ensuring that no government representative has substantial private interests in the coconut industry," the CB governor pointed out in his prepared speech.

"Mandatory guidelines on the disclosure of information will also be issued to assure the full accountability of all public activities in the subsector," he added.

"Similar to the coconut subsector," the governor noted, "Philsucom's independence shall be enhanced by ensuring that no government representative is appointed to the board who has substantial private interest in the sugar industry. Moreover, a separation of regulatory from commercial functions will be implemented. Thus Philsucom's functions will be restricted to regulatory, developmental and informational activities. In addition, full accountability of all public activities of Nasutra (National Sugar Trading Corp, Philsucom's marketing arm) and Philsucom and a comprehensive audit of their assets and accounts will be instituted.

CSO: 4200/1527

1 October 1985

## PHILIPPINES

## LABOR MINISTER OPPOSES SELLING ASSETS TO FOREIGNERS

HK110501 Manila BUSINESS DAY in English 10 Sep 85 p 12

[Text] Labor Minister Blas F. Ople yesterday said he was not in favor of selling the government's P60 billion worth of nonperforming assets to foreigners.

The assets were acquired by the government mostly from large private firms that failed to settle their multi-million peso loans from the Philippine National Bank [PNB] and Development Bank of the Philippines [DBP].

Ople, who is vice-chairman of the Presidential Council for National Economic Recovery, said that instead of being sold to foreigners, the acquired assets should be used in the rehabilitation process such as that implemented on private banks placed under receivership.

He cited the case of Delta Motor Corp, one of the original participants in the government's Progressive Car Manufacturing Program (PCMP).

Delta, which manufactured Toyota cars, has folded up and there is talk that a group of Chinese investors has expressed interest in buying its facilities from the government.

Ople observed that the Chinese group would "remove physically" Delta's equipment and machinery from the country if the purchase would be pushed through.

He mentioned the case of 41 sugar mills in the Negros provinces that need rehabilitation and rationalization.

The sugar mills could not pay their debts to PNB and DBP. Instead of selling them to foreigners, the government should make their operations viable, Ople said.

Prime Minister Cesar Virata earlier underscored the need for the rationalization of the sugar industry by reducing the number of mills to only 30. He said this is needed because of the low prices of sugar in the world market, averaging just 3 or 4 US cents per pound.

The country's total sugar production this year is only about 1.7 million tons, and will be further reduced to 1.6 million tons next year.

PHILIPPINES

MARCOS CALLS FOR MODIFIED FREE ENTERPRISE SYSTEM

HK070644 Manila BULLETIN TODAY in English 6 Sep 85 pp 1, 15

[Text] President Marcos stressed yesterday that the government, while promoting the free enterprise system, would encourage the participation of more people in economic enterprises so that can share in the profits of progress. The president emphasized this in a speech in Malacanang before the First National Conference of the Filipino Ideology Movement and graduation exercises of cadres of Regional Command III (Recom III) of the Philippine Constabulary-Integrated National Police (PC-INP).

The president urged the cadres to counter the communist menace by explaining to the people what the government has been doing for them and to explain to them the Filipino ideology on which the government stands. The president also stressed the need for a sensible banking system that would give small entrepreneurs more access to credit. He said that the guidelines for the use of the \$3-billion revolving trade facility should be restudied to make the money available to small entrepreneurs.

The president said the government should intervene so that more people could participate in the rewards of economic development. "This is at the core of the Filipino ideology," he said.

The president said the Filipino ideology bats for a "modified free enterprise system" in which the private sector remains the main pillar of development but with the government regulating the "use of wealth and the profits that come from it."

"We must modify, in short, our free enterprise ideology so that we do not postpone, but rather hasten, the participation of more and more of our people in economic enterprises and in the sharing of the fruits of progress," the president said.

The president rejected both communism and classical capitalism, saying that while the former believes in the accumulation of capital and the means of production in the state, the latter erroneously believes that complete freedom would give everybody equal chance. The chief executive also rejected the continuance of what he called the "trickle down" theory of economic development and batted for the immediate redistribution of the nation's capital to the poor segment of society.

He also rejected the idea that "development of our millions and the nation can merely be entrusted to the ministration of the top "1 percent of our population who have the capital to engage in enterprise."

"I believe," he said, "capital must also trickle down so that economic effort is not monopolized by the so-called 'captains of industry.'"

CSO: 4200/1527

PHILIPPINES

COLUMNIST ON REASONS FOR LACK OF ECONOMIC EXPANSION

HK091157 Manila BULLETIN TODAY in English 8 Sep 85 p 26

["Business Forum" column by Leo Gonzaga]

[Text] Central Bank Governor Jose B. Fernandez Jr wonders why business overall is "not moving" despite the establishment of what he calls the "proper financial setting" for economic recovery. We share his feeling of disappointment, but only from the monetary policy standpoint.

The financial setting mentioned above refers principally to the availability of \$2.9 million of revolving-type trade credits which he and Prime Minister Cesar Virata have negotiated with 483 foreign banks, along with \$925 Million of new money and \$5.7 billion of debt restructuring facilities made available by the same creditors.

Also included in that type of setting: a buildup of CB [Central Bank] reserves to \$1.7 billion, deceleration of the inflation rate to 15.8 percent and stabilization of the exchange rate at around p [pesos] 18.60 per \$1.

All this according to Governor Fernandez, should make businessmen at least expand existing projects if not launch new ones as well. Neither is being done, however, as indicated by the sluggishness in utilizing the important credit facility for bringing in imports.

Gross national product already shrunk by 3.7 percent in the initial 3 months. Mr Fernandez sees a further contraction in the remainder of the year unless business gets moving. "It will mean a waste of our efforts (his and those of Mr Virata) in the past 20 months."

"What else has to be done?" asked the governor in a somewhat exasperated tone during a talk with this writer and five other senior citizens of print media Wednesday evening last week.

Well, we agreed with him then that the prevailing mood among businessmen is still "wait and see" and the "just want to stay alive" at the moment rather than try to grow and develop more corporate muscle.

One reason for this is their perception that the planned trade liberalization will be bad for their respective domestic markets. Another, in the particular case of foreign-funded companies, is the growing concern over "political uncertainties."

Still another reason has something to do with consumer buying power: This has been sharply eroded not only by inflation, but also by unemployment and underemployment. Despite its accelerating trend, a 20 percent or so average inflation in 1984 could have reduced much of peso internal value. Moreover, the number of totally and partially jobless had been on the rise.

In answer to the CB governor's question, we say that the financial setting leaves little to be desired. But a lot of things outside monetary policy remains undone and this is why business is not moving.

CSO: 4209/1527

PHILIPPINES

EDITORIAL WARNS OF PROBLEMS WITH FOOD AID

HK101142 Manila BULLETIN TODAY in English 9 Sep 85 p 6

[Editorial: "Food Dilemma"]

[Text] Food assistance in some form often creates a dilemma. Take the case of Negros Occidental, where many people were reported to have gone hungry because of the closing of the sugar mills. About 3 weeks ago, according to our correspondent, a sack of rice cost P360. The farmers were happy. Then, responding to the pleas for assistance, the government unloaded its rice stocks. Government rice was either given free or sold at low prices. The price of rice in the market went down to P280. The farmers became sad.

If, on account of the depressed economic condition, the country were to receive sizable quantities of rice assistance from the surplus countries, whether as grant or loan, the chances are the rice farmers here would suffer.

Those who favor aid would argue that the issue should be resolved in favor of the greater number, that is, the consumers. That is not exactly the issue. The issue ought to be how to strike a balance between the long-term welfare of the farmers and the consumers alike, since we have to grow rice, anyway.

What good can land reform accomplish in the rice and conr growing areas if the farmers, on account of low prices, lose their shirts?

At some level, prices can be ostensibly a boom to the consumers. But such prices are misleading, because the real cost of the commodity is to be borne by all in a disguised form.

The arugment for the farmers ought to be seen in the light of all the infrastructure projects prosecuted through the years in the name of higher production. They would be wasted by an alacrity for importation.

CSO: 4200/1527



PHILIPPINES

CENTRAL BANK GOVERNOR OPTIMISTIC ON ECONOMIC RECOVERY

HK091137 Manila TIMES JOURNAL in English 7 Sep 85 p 8

[Text] There may not be a need to seek for new money package at the end of the economic adjustment program because there are positive signals that the Philippines may continue to have a balance of payments surplus in the coming years.

Central Bank Governor B. Fernandez Jr has expressed this optimism even as he said that the business community should now take the initiative from the government after successfully negotiating for all the financial packages that involve over \$12 billion the country needs to put the local economy back in shape.

Fernandez said the balance of payments this year may end up in a surplus of about \$250 million, after adjusting for arrears. However, he conceded that much of such expected surplus may come from the balance in the new money facility and the standby line from the International Monetary Fund after paying off interest arrears and part of the maturing principal debts.

He said that all the financial ingredients have been put into place. Thus, he said, the business sector should now respond positively and help hasten the country's economic recovery.

Fernandez said most of the debt-ridden countries which followed economic recovery programs such as the one adopted by the Philippines are now on their way to recovery.

He said there is no reason why the Philippines could not do or make it.

The government has done its part of the bargain and the private sector should take the lead from there.

CSO: 4200/1527

1 October 1985

## PHILIPPINES

## CPP URGES FOREIGN GOVERNMENTS TO CUT AID TO MANILA

OW101215 Tokyo KYODO In English 1104 GMT 10 Sep 85

[Text] Manila, 10 September KYODO--Philippine communist forces appealed to foreign governments Tuesday to follow Australia's example in temporarily cutting aid projects in the Philippines.

Japan is the foreign country with the biggest local integrated rural development projects of the kind being scaled down by Australia, but the communists did not specifically name Japan.

The appeal for foreign aid withdrawal was circulated to newspaper offices by the National Democratic Front of the Philippines (NDF). This underground organization groups the outlawed Communist Party of the Philippines (CPP), the CPP's military arm known as the New People's Army (NPA), and other radical underground organizations.

It praised an announcement last month by Australian Foreign Minister Bill Hayden that Australia is pulling 21 consultants out of its integrated rural development project on Samar Island in the central Philippines.

Hayden said the security risk had reached an unacceptable level due to NPA activities. This pull-out announcement came less than a week after rebels raided two Australian project sites, seizing office equipment and radio sets, but causing no injuries.

The National Democratic Front admitted pressuring the Australians, saying NPA units civilly approached them "to painstakingly explain to them the project's deleterious effects on the people and to persuade them against proceeding further with these."

It added: "When their repeated requests were ignored, the NPA units took more vigorous steps to stop the projects." It said the NPA units never intended harm to the foreign consultants.

The communists said foreign assisted projects were actually used by the government of President Ferdinand Marcos to oppress the Filipino people.

But the communist statement ended: "In the future, when a democratic coalition government has taken over the reins of political power, that government and the Filipino people will welcome, and even actively enlist, the assistance of foreign governments and peoples in the great task of rebuilding our country."

Japan, through the Overseas Economic Cooperation Fund (OECF), is considered the single biggest donor to Philippine aid projects, having overtaken the United States, formerly the main donor in the aftermath of the American colonial period from 1898 to 1946.

Two years ago, NPA units attacked a Japanese integrated rural development project, killing a Filipino security guard, in Cagayan Valley in the northern Philippines.

Another big Japanese integrated project is on Bohol Island in the central Philippines, not far from the Australian one that was attacked.

Japan has many other smaller projects in addition to the two big integrated ones.

CSO: 4200/1527

PHILIPPINES

BRIEFS

DECLINE IN LOG EXPORTS--Exports of forests products during the first half of the year fell 22.89 percent to \$103.57 million from \$134.31 million in the same period last year, latest Central Bank statistics show. Exports of logs, lumber, plywood and veneer sheets/corestocks recorded declines in volume and low prices. Log exports dropped 55.04 percent from \$46.1 million in the first half of last year to \$20.72 million. Their volume fell from 438,253 cubic meters to 228,806 cubic meters. Lumber exports dropped 5.34 percent to \$48.57 million from \$51.3 million. They accounted for 46.89 percent of the total forest products exports. Exports of veneer sheets/corestocks down 31.57 percent from \$7.92 million to \$5.42 million. [Text] [Manila BUSINESS DAY in English 9 Sep 85 p 2 HK]

NPA SUPPORTERS PLEDGE ALLEGIANCE--Two thousand NPA supporters are due to pledge their allegiance to the government in a ceremony this week in Petragan, Mountain Province. The mass oath-taking is the result of recent intensified operations against the NPA which resulted in the killing last 29 August of three suspected dissident leaders. There are reports that one of those killed is renegade priest Nilo Valeria. However, First AFP [Armed Forces of the Philippines] Regional Commander Tomas Dumpit said it is not yet sure whether one of those killed was indeed Father Valeria. [Begin Dumpit recording] After that encounter it was reported that he was involved in that encounter. Three were identified as killed and three others were seriously wounded and were reported as evacuated by their respective comrades. So it might appear that probably one of the victims taken in might be Father Nilo Valerio. [Words indistinct] but for what reason we are still verifying. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 10 Sep 85 HK]

AGREEMENT ON THERMAL PLANTS--The Philippines and Japan today are signing in Tokyo an agreement to rehabilitate six oil thermal plants. The agreement calls for Japan's export-import bank to grant a loan of \$45 million for the rehabilitation. National Power Corporation President Gabriel Itchon is leaving for Tokyo to discuss the loan, which was earlier recommended by the Japan International Cooperation Agency. [Text] [Quezon City Maharlike Broadcasting System in English 0400 GMT 10 Sep 85 HK]

CSO: 4200/1527

THAILAND

PRASONG SAYS LAOS HOLDS 6,000 POLITICAL PRISONERS

BK070420 Bangkok BANGKOK POST in English 7 Sep 85 pp 1, 20

[Excerpt] Cha-am, Phet Buri--Thousands of political prisoners have died from abuses in Laotian re-education camps in recent years, National Security Council [NSC] Secretary-General Prasong Sunsiri charged yesterday.

Addressing the press on "Mass Media and External Security," Squadron-Leader Prasong said that 6,000 to 7,000 prisoners remain in the camps. He said many of the Laotians had been in camps since 1975 and did not know when they would be released.

The NSC chief said the suffering of the political prisoners made their plight more miserable than the Laotians who fled across the Mekong to seek refuge in Thailand.

He revealed that since the Pathet Lao took control in 1975 between 10,000 to 15,000 Laotians had been sent to the camps because of their links with previous Vientiane governments. He said the prisoners underwent political reeducation and many were put to work as forced labour.

Sqn-Ldr Prasong said that there were two types of reeducation camps in Laos. One type was for those whose political beliefs were considered extremely incompatible with the communist regime and the other was for less extreme cases. Camps holding the first type of prisoners were in Xieng Khouang, Phong Saly, Savannakhet, and Houa Phan.

"In 1982, the number of political prisoners detained since 1975 decreased because the majority of them died in the camps because of sickness, starvation, lack of medical care or were killed because they tried to escape," Sqn-Ldr Prasong said.

Since last year, some of the detainees had been put to work on road building and maintenance, subjecting them to even greater hardship and misery, he added.

He estimated that there were currently 6,000 to 7,000 political prisoners held in 24 camps scattered across Laos. The largest camp, at Houa Phan, held about 2,000 detainees, he said.

The NSC chief added that Laos had no constitutional law, criminal procedure code or other legislation to guarantee the rights of the accused. Trials were usually held behind closed doors and the accused were denied the right to appeal, bail or legal counsel.

"We have seen 'The Killing Fields' about Kampuchea," Sqn-Ldr Prasong said.

"Wouldn't you, pressmen, be interested in getting raw material to write about 'The Killing Fields' in Laos. I think that you may get a Pulitzer prize without having to waste your time to plot or invent a story as was the case with an American writer who was awarded the Pulitzer prize for writing about a young drug addict and then had to forfeit the prize after it was discovered that the report was faked," he said.

CSO: 4200/1540

THAILAND

MINISTER DISCUSSES COOPERATION WITH MALAYSIA

BK060133 Bangkok BANGKOK POST in English 6 Sep 85 p 3

[Text] The Thai-Malaysian joint fishery venture will be signed in November, Agriculture Minister Narong Wongwan said upon his return from Kuala Lumpur yesterday.

The minister said that he and Malaysian Agriculture Minister Anwar Ibrahim reached an agreement on the matter at a meeting on Wednesday during which agricultural cooperation between the two countries and problems in this field were discussed.

On the issue of Thai fishermen intruding into Malaysian waters, Mr Narong said it was agreed that the fishermen could pass Malaysian waters to reach the open sea but they would be arrested if caught fishing illegally.

The minister said he expected the joint fishery venture to be signed in November after Thai and Malaysian fishery officials drafted details of the pact.

Mr Narong said representatives of Thai fishery concerns who also accompanied him to Kuala Lumpur were satisfied with the outcome of the meeting and would be briefing their colleagues.

He said he learnt that only one Thai trawler was being detained in Malaysia and many had already been released.

The ministry's Permanent Secretary Thaloeng Thamrongnawasawat who also attended the meeting said progress was reported in agricultural, irrigation and fishery projects and the two nations would be increasing the exchange of information.

Malaysia will also be working on a plan to divert the waters of the Golok River which borders Thailand to Rantau Panjang and then to Thailand. She also asked for academic assistance on artificial rainmaking.

Mr Thaloeng said Malaysia will lift the ban on meat imports from Thailand once foot-and-mouth disease had been eradicated in the border provinces.

CSO: 4200/1540

THAILAND

CLASS 5 MEMBERS CONGRATULATE LT GEN CHAWALIT

BK060141 Bangkok BANGKOK POST in English 6 Sep 85 p 1

[Text] Members of Chulachomklao Royal Military Academy Class 5 led by newly-appointed Assistant Chief-of-Staff Maj-Gen Suchinda Khraprayun last night turned up in full force to congratulate Lt-Gen Chawalit Yongchaiyut for his promotion to Army Chief-of-Staff. The gathering clearly indicated the close relationship between Lt-Gen Chawalit, who has practically become one of the strongest contenders to succeed General Athit Kamlang-ek as Army Commander-in-Chief next year, and the rising stars from Class 5, who are now put in command of 11 out of 13 major divisions in the Army.

Among the Class 5 members at the Ambassador Hotel party, none are commanders of powerful army divisions.

The new deputy commander of the Second Army Region Maj-Gen Itsaraphong Nunphakdi presented a Buddha image to Lt-Gen Chawalit.

"We came just to congratulate him for his promotion," said the Lop Buri-based Second Special Warfare Division chief Maj-Gen Khachon Ramanwong.

Maj-Gen Suchinda played down any speculation by saying that it was just a class meeting which had not been held for a long time.

This year's military reshuffle saw Class 5 members commanding 11 divisions from a total of 13 major army divisions. Only two divisions, the Fifth Division based in the south and the First Special Warfare Division in Lop Buri, are commanded by members of Class 8.

Other Class 5 members include Maj-Gen Wimon Wongwanit, newly-appointed First Division commander, Maj-Gen Phuchong Ninkham, Artillery Division commander, Maj-Gen San Siphon, Second Division commander; Maj-Gen Somphon Toemthongchai, Third Division commander; Maj-Gen Wirot Saengsanit, Anti-aircraft Artillery Division commander and Maj-Gen Chamlaeng Uchukomon, First Army Chief-of-Staff.

CSO: 4200/1540



THAILAND

OFFICERS TO BE AFFECTED BY RESHUFFLE

BK040230 Bangkok THE NATION in English 4 Sep 85 p 2

[Text] A total of 299 military officers will be affected in the annual reshuffle at the three armed forces, the Supreme Command and the office of the Permanent Secretary for Defence this year, Deputy Defence Minister ACM Phaniang Kamtarat said yesterday.

The Defence Ministry has forwarded the reshuffle lists to the three armed forces, he said.

The lists will not be made public this year and will be treated as confidential in accordance with the new policy adopted by high-ranking commanding officers, according to ACM Phaniang.

"I am sympathetic with reporters seeking the lists and if they really want them, they could ask for them from Prime Minister Prem Tinsulanon," he said.

According to informed military sources, the reshuffle which will take effect on 1 October include the following appointments:

At the Second Army Region:

--Maj Gen Surat Inthasiri, commander of the First Support Command (equivalent to a division), will be made deputy commander of the Second Army Region. First Division Commander Maj Gen Itsaraphong Nunphakdi will also take over as another deputy commander.

--Chief-of-staff of the Second Army Region Maj Gen Manun Phonwiang as commander of the Sixth Military Circle based in Ubon Ratchathani and as Ubon Ratchathani Military District concurrently succeeding Maj Gen Yanyong Hongsthong, who is due to retire at the end of this month.

--Acting Khon Kaen Military District Commander Maj Gen Phaibun Hongsinlak as chief-of-staff of the Second Army Region.

At the Third Army Region:

--Fourth Division Commander Maj Gen Siri Thivaphan as deputy commander of the Third Army Region succeeding Maj Gen Ruamsak Chaikomin, who will move up as regional army commander.

--Fourth Division Deputy Commander Col Choe Phosi as Fourth Division commander.

At the Fourth Army Region:

--Fifth Division Commander Maj Gen Chap Luamsiri as deputy commander of the Fourth Army Region succeeding Maj Gen Nopphadon Bunchu.

--Maj Gen Nopphadon as officer attached to the Royal Thai Army.

At the Territorial Defence Department:

--Chunlachomklao Military Academy Commander Maj Gen Wichit Sukmak as chief of the Territorial Defence Department replacing retiring Lt Gen Charu Chatikanont.

--Territorial Defence Chief-of-Staff Maj Gen Suthep Siwara will concurrently hold the post of deputy chief of the territorial Defence Department.

--First Cavalry Division Commander Maj Gen Sakhon Suwanpha as deputy chief of the Territorial Defence Department.

--Deputy First Cavalry Division Commander Col Phairot Chantaraura as First Cavalry Division commander.

CSO: 4200/1540

THAILAND

PRASONG SAYS SRV PLACING 'SPIES' AMONG REFUGEES

BK070230 Bangkok THE NATION in English 7 Sep 85 pp 1-2

[Text] Cha-Am, Phetburi--Secretary General of the National Security Council (NSC) Sqd Leader Prasong Sunsiri charged yesterday Vietnam has been placing "fifth columns" among Vietnamese boat people who are openly towed out of the country and left aboard small vessels near oil rigs in Thailand and Malaysia.

Speaking on "Mass Media and External Security" at a seminar sponsored by the Foreign Ministry here, Prasong said some of the "spies" would apply for permission to return to their home country after having gathered intelligence information in the countries of first refuge.

"It's very easy for them to return home. They just notify officials of the United Nations High Commissioner for Refugees (UNHCR) at the holding centres of their wishes. Then they will be repatriated with all conveniences and free of charge.

"Bangkok-based UNHCR officials used to ask for my permission to allow some returnees from holding centres in Malaysia to fly into Vietnam from Don Muang International Airport. But when I asked for a check and an interrogation of the prospective returnees, they just did not want to face me. However, none of the Vietnamese illegal immigrants accommodated here have ever asked to return home," the NSC chief said in a prepared speech.

Prasong said that any Vietnamese who wished to leave Vietnam had to make payment to a Vietnamese army officer known to the "boat people" as "Mui Kwang." He cited testimonies given by Vietnamese illegal immigrants and intelligence reports as saying that the real name of the army officer was "Fong Ngoc Kwang."

The Vietnamese boat people would be ferried out to the seas aboard vessels of a water transportation cooperative which shuttles between Ho Chi Minh City and other towns near the Saigon delta, he said. "Even during daytime, these boats pass check-points without any problems because everything has been arranged in advance for their easy passage," he said.

The NSC chief said that a group of about 70-100 Vietnamese would be ferried each time and they would be left on small basketlike vessels some two kilometers from oil rigs off Thailand or Malaysia. The Vietnamese boats will then return to Ho Chi Minh City.

He said that international relief organizations should also be aware of the practices, otherwise, they would be considered as conniving with them.

The NSC chief also said the prospect of a political solution to the Kampuchean problem was still out of reach now because of the Soviet Union and Vietnamese stands.

He shrugged off Vietnamese Foreign Minister Nguyen Co Thach's statement on the withdrawal of Vietnamese troops from Kampuchea as the "2,555th joke." Thach said in Indonesia that all the Vietnamese troops would be pulled out of Kampuchea by 1990. "He jokes everyday and in 7 years following the Vietnamese invasion of Kampuchea, Thach has altogether joked 2,555 times," Prasong said.

Referring to the recent visit here by a senior Soviet official, the NSC secretary general said that the visitor's accounts only confirmed Moscow's consistent policy of fully backing the Vietnamese occupation of Kampuchea.

Since 1979, the Soviet Union has been giving about one billion U.S. dollars of aid to Vietnam annually, according to the NSC chief.

Prasong said that time was now on the side of Thailand and cited that the Vietnamese economy was on the verge of bankruptcy. "Vietnam now owes altogether six billion U.S. dollars to foreign countries vis-a-vis its foreign exchange reserve of about U.S.\$15 million. Food rations for the Vietnamese people are smaller than during the war against the Americans," he said.

CSO: 4200/1540

THAILAND

POLICE SEEK FISHERMEN FOR RETURN TO BANGLADESH

BK070440 Bangkok BANGKOK POST in English 7 Sep 85 p 1

[Text] Thai authorities are trying to locate the whereabouts of 140 Bangladeshi fishermen who landed in two coastal provinces late last month, according to an immigration police report from Phuket.

The report said that 119 Bangladeshi fishermen landed in Satun Province in a Thai fishing trawler and the other arrived in Trang Province with 21 fishermen. However, their whereabouts are still unknown, the report added.

Bangladesh has asked Thailand to return 125 fishermen whom it said were abducted to Thailand last month while working on Thai fishing trawlers in the Bay of Bengal, a Foreign Office spokesman said in Dhaka.

The Foreign Office summoned Thai Ambassador Thawi Manatchuang to ask him to convey Dhaka's concern over the fate of the fishermen and to ask Thai Government to ensure their prompt repatriation.

The spokesman said the fishermen worked on eight Thai trawlers fishing under a private joint venture programme. The Thais forcibly took the Bangladeshi crew and catches worth \$350,000 back to Thailand, he said.

Bangladesh's ambassador to Thailand, M. Mohsin, had also been instructed to take up the matter, he said.

CSO: 4200/1540

THAILAND

BANGLADESHI FISHERMEN TO FLY HOME

BK080201 Bangkok BANGKOK POST in English 8 Sep 85 p 3

[Text] All 140 Bangladeshi fishermen who came along with three trawlers owned by Chai Nawi Company will fly home on 12 September with all expenses paid by the firm, a company official said yesterday.

Mr Aphai Triphaili said the Bangladeshis, who would be boarding the plane in Bangkok, were currently staying on board three vessels which arrived at Satun and Trang Provinces late last month.

The company was paying daily living expenses of 100 baht to 10 of the 140, while each of the rest was given 20 baht, Mr Aphai said.

Earlier reports said 119 Bangladeshis on two Thai fishing boats had landed in Satun, and 21 others on board the third trawler had arrived in Trang.

Mr Aphai appeared to deny the abduction charges when explaining how the Bangladeshis came to Thailand. He said they were working on the company's trawlers fishing in the Bay of Bengal under a private joint venture programme.

Three vessels in the fleet hastily set sail for home, bringing along with them the Bangladeshi fishermen, after the host government declared a martial law on 23 August and later seized one Thai fishing boat without explanation, said Mr Aphai.

CSO: 4200/1540

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

SPECIAL AMNESTY TO CONVICTS--Implementing the resolution of the Council of State on granting a special amnesty to convicts who have served at least two-fifths of their prison terms or have sincerely repented of what they have done, on 5 September the Central Amnesty Council reduced the sentences of some 200 convicts and pardoned 50 others at the Thanh Xuan detention camp. With overwhelming emotion, these convicts expressed profound gratitude to the party and state for their leniency. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 6 Sep 85 BK]

CSO: 4209/622

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN ARTICLE BY SOVIET ON COOPERATION

BK071200 Hanoi NHAN DAN in Vietnamese 17 Jul 85, pp 1, 4

[Article by (Nagibin), economic counselor to the Soviet Embassy in the SRV:  
"The Soviet Union-Vietnam: 30 Years of Fraternal Cooperation"]

[Text] On the occasion of the 30th anniversary of the Soviet-Vietnamese trade agreement (18 July 1955-85) NHAN DAN carries the following article by Comrade V.D. (Nagibin), economic counselor to the Soviet Embassy in the SRV.

The economic and technical coordination with other countries to help develop the national economy of these countries--an independent trend in the Soviet external economic relations--took shape in the post-war period when the Soviet State Commission for Foreign Economic Relations was established. This commission is composed of the various specialized combines of all economic sectors and the import-export corporations of the entire union.

This form of economic relations of the Soviet socialist state with other countries came into being in the 1920's and has become one of the specific symbols of the Leninist foreign policy based on the principles of international proletarianism, friendship and cooperation among nations, and economic assistance to underdeveloped countries.

In his address to the second international communist congress, V.I. Lenin said: "There can be no controversy over the question whether the Proletariat of advanced countries can and should help the laboring masses in backward and underdeveloped countries extricate themselves from the present status when the victorious Proletariat of the Soviet republics is extending its hands to them and can help them."

After eradicating the main force of the French expeditionary troops at the Dien Bien Phu battle and after restoring peace in the northern part [of] our country, the party and the Democratic Republic of Vietnam [DRV] Government set forth the central task of restoring the national economy along with abolishing the backward relations in production and establishing the new relations of socialist production in cities and the countryside.

Loyal to the line of Leninist internationalism, although the wounds caused by the destructive war against the German fascists and the Japanese militarists



had not been completely healed, the Soviet Union was the first to give economic aid to the DRV, the first worker-peasant state in Southeast Asia.

On 18 July 1955, an agreement was signed between the Soviet and Vietnamese Governments on nonrefundable aid for Vietnam to restore and build a series of factories and other industrial installations.

From 1955 to 1959, with Soviet assistance, 45 factories and other industrial installations were either restored or built and put into operation, laying the ground for the state economy. During this period, the Hanoi tool factory, the Lao Cai apatite factory, the Lam Thao superphosphate factory, coal mines, a series of industrial installations to produce construction materials, and medium and small size thermo and hydroelectric power plants, the Haiphong canned fish factory, the tea production plant, and other industrial installations were built in the northern part of Vietnam. All these played a very important role in the period of restoring and reorganizing the country's economy and in the implementation of the 3-year 1958-60 plan, creating important conditions for socioeconomic transformation.

The Soviet Union continued to give comprehensive aid to Vietnam for socialist industrialization and for establishing a diversified industry during the period of implementing the DRV's First 5-Year 1961-65 Plan.

The cooperation was not discontinued by the U.S. aggression in 1964 and other bombardments against North Vietnam. Despite the most difficult and dangerous conditions of wartime, the Soviet experts loyal to their international duty, sided with their Vietnamese brothers and continued to work in various important economic installations in order to consolidate the economy and national defense. The Uong Bi thermoelectric power plant did not stop operating although it was attacked and bombed many times. This was due to collective voluntariness and heroism. The SRV's highest award was conferred on the plant. The Thac Ba hydroelectric power plant with an output of 120,000 kilowatts, the oil depot and pipeline, and other installations of great significance in the economy and national defense were completed within the shortest possible time.

In 1973, following the signing of the Paris agreement ending the war in Vietnam, the country entered the postwar period of economic restoration and development. The Soviet nonrefundable aid, aimed at restoring and developing the postwar economy, helped create the conditions for the country to achieve the basic objective of reaching the level of 1965 production by the end of 1975 and to overfulfill many of the 1965 targets.

A new period of economic and technical cooperation began with the signing of a treaty in December 1975 following the total liberation of South Vietnam. The new Soviet-Vietnamese treaty provided assistance for Vietnam to build 40 major economic and industrial installations including the Hoa Binh hydroelectric power plant with a total output of 1.92 million kilowatts, the Pha Lai thermoelectric power plant with the total output of 440,000 kilowatts, the Khe Tam and Vang Dang coal mines, and the Cam Pha engineering factory to repair construction machinery. The treaty also provided for the enlargement of the Lao Cai apatite factory, and so forth.

The volume of economic and technical cooperation between the Soviet Union and Vietnam during the years of 1976-80 equalled the total volume of the 20 preceding years. As for the current 5-year plan, the volume of cooperation will be twice that of the preceding 5-year period.

The new impulse for the development of economic and technical cooperation with the Soviet Union was the signing on 3 November 1978 of the Soviet-Vietnamese Treaty of Friendship and Cooperation which reflected the will of both nations to consolidate friendship for the cause of peace, creative labor, and socialist and communist construction.

Thanks to the Soviet economic and technical support during the years of cooperation, Vietnam has restored and built anew more than 200 installations in all economic sectors.

In industry, more than 500,000 kilowatts of electricity have been used, two turbines of 110,000 kilowatts each in the Pha Lai thermoelectric power plant have operated, more than 2,300 km of high voltage powerlines and many transformer stations have been built, coal mine tunnels have been dug to annually produce 6.7 million metric tons of coal, mining equipment repair shops have been established, the Tinh Tuc tin mine with an annual output of 550 metric tons and the Lam Thao superphosphate factory with an annual output of 300,000 metric tons have been commissioned, the Thang Long Bridge over the Red River, the Bim Son cement plant with an annual output of 1.2 million metric tons, two "Hoa Sen" ground satellite communication stations in the north and south of Vietnam, and series of engineering and metallurgy factories and food industries have been built, and nearly 130,000 specialized cadres and workers have been trained.

To help develop agriculture, the Soviet Union has provided modern machinery and technical equipment, fertilizer, and chemicals to the farms growing tea, coffee, pineapple, orange, tangerine, and other industrial crops. It has also helped build water pumping stations and various irrigation and drainage projects. Those factories built with Soviet economic and technical assistance play a leading role in the important economic sectors of the SRV, guaranteeing the production of tools, superphosphate, sulfuric acid, apatite, one third of electricity output, more than 90 percent of coal production, and more than half of cement and tin production.

During the October and November 1983 visit to the SRV by the Soviet party-government delegation headed by Comrade G.A. Aliyev, member of the CPSU Central Committee Politburo and first deputy chairman of the USSR Council of Ministers, a long-term program for developing economic, scientific and technical cooperation between the Soviet Union and Vietnam was signed--opening a new future for expanding and consolidating the economic relations between our two countries. It reflects the comprehensiveness and durability of cooperation. At the same time, it poses the duty and determines the way to enhance its effectiveness. To achieve these goals, it is planned to intensify cooperation in the major sectors of the SRV's national economy.

With Soviet assistance, it is planned to develop the SRV's production of export goods, expand cooperation based on mutual benefit, carry out measures to optimally use the SRV's economic potentials, and concentrate all facilities and reserves on building the first important economic installations of the SRV.

In the future, besides the installations already built, the Soviet Union will help Vietnam develop major metallurgy, engineering manufacture, and petrochemical industries.

Both Soviet and Vietnamese agencies are now cooperating in implementing nearly 100 industrial and agricultural projects and in other domains of the national economy.

The following major projects will be completed in the near future: The Go Dam diesel motor factory, the Cam Pha heavy truck repair shop, the trade union cultural palace, and the reclamation of 70,000 ha of virgin land including 50,000 ha to be planted with rubber trees. The following projects are being urgently completed: The installation of the third turbine in the Pha Lai power plant, the construction of the Tri An Electric power plant, and the installation of high-voltage powerlines and various transformer stations.

The collectives of builders and Soviet experts have performed complicated tasks at the Hoa Binh hydroelectric power plant's construction site, the largest in southeast Asia. These involved complex geological and hydrological conditions. The resolution of the technical problems here can hardly be realized in other hydroelectric projects in the world.

When the project is completed with eight turbines of 240,000 kilowatts each, the Hoa Binh hydroelectric power plant will produce twice as much electricity as that currently produced by existing plants in Vietnam, thus saving millions of metric tons of fuel. The project further regulates the flow of the Red River, protecting Hanoi and other agricultural areas against flood, and improving the conditions of communications.

The construction is entering the decisive stage of preparing for the installation of the technical equipment for the first turbine. Well aware of the importance of the project to the national economy once it is commissioned, thousands of workers have regularly improved their organization and increased their labor productivity, constantly raising the rates of work completion every year.

The long-term program for reclaiming virgin land and establishing rubber and coffee plantations to grow and process fruits and vegetables for Soviet demands is an example of cooperation for mutual benefit.

The Soviet and Vietnamese geologists have closely cooperated with one another to explore such mineral ores as lignite, apatite, bauxite, tin, and rare earth elements.

In 1981, the joint Soviet-Vietnamese enterprise to explore oil and natural gas in the SRV's continental shelves was established. The latest modern

machinery and equipment have been used by the enterprise. The first oil rig was erected in the sea to drill for oil.

Great achievements have been made in developing cooperation in the field of cadre training. Hundreds of thousands of youths have been trained as engineers and workers for various sectors in universities and technical schools built with Soviet assistance.

The friendship visit to the Soviet Union last June by the SRV party-government delegation led by General Secretary Le Duan and his talks with the Soviet party-government delegation headed by CPSU Central Committee General Secretary Gorbachev, constitute the most obvious manifestation of unbreakable friendship and solidarity between the CPSU and the CPV and between the Soviet and Vietnamese peoples.

The joint communique signed on 28 June 1985 marked the results of the visit. Both sides are pleased with the results of the long-term program concluded between our two countries, and have determined practical measures to implement the program. The Soviet Union takes into account Vietnam's urgent need to accelerate economic development and improve the people's livelihood. It decided to increase economic aid to the SRV, extend a new credit loan with some prerogatives, and postpone the payment of previous debts. For its part, the SRV will increase its production and export to the Soviet Union those products needed by the Soviet national economy.

Undoubtedly, the tasks set forth by the parties and governments of our two countries in the field of economic cooperation for the benefits of both Soviet and Vietnamese peoples and the whole socialist community, will certainly be implemented.

CSO: 4200/622

INTERNATIONAL RELATIONS, TRADE, AND AID

RADIO EDITOR VIEWS THAI INVOLVEMENT IN CAMBODIA

BK080825 Hanoi Domestic Service in Vietnamese 1430 GMT 7 Sep 85

[Station editor's commentary: "Thailand's Involvement in Cambodia and Its Economic Difficulties"]

[Text] People still remember that back in April 1985, the Thai People's Joint Action Committee for Democracy published a white book to present its views concerning the conflict in Cambodia. In an open letter addressed to the Thai administration, the press, the various sectors, students, intellectuals, and the people of Thailand, the committee pointed out: The Thai leaders are currently supporting the Cambodian rebel forces' protracted war against Vietnam, thus driving Thailand onto an adventurous warpath. This has dampened the investment and tourism atmosphere, causing serious economic losses. The Thai Government must proceed to translate its professed neutral policy into reality and stop its military support for all the factions in Cambodia. This will help bring an early end to the war.

Earlier, on 24 March, the Thai newspaper NAE0 NA deplored the fact that the Cambodian issue has affected Thailand, seriously harming its trade and economic interests and confronting the Thai people with many difficulties. It is necessary to stop supporting the genocidal Pol Pot clique and seek dialogue with Vietnam so as to find a solution to the Cambodian issue. This will allow Thailand as well as ASEAN as a whole to concentrate on economic development.

On 9 July, the Thai newspaper WIWAT said: By the end of 1984, Thailand's foreign debt had reached 300 billion baht--the Thai currency--and its 1983 trade deficit totaled 90 billion baht. The government's economic council disclosed that Thailand's economic situation will worsen further in the 2d half of 1985. Unemployment now stands at 1.6 million and may reach 2 million in the near future due to slackened investments and increasing layoffs of workers.

Many Thai newspapers such as the BANGKOK POST, MATICHON, WIWAT, SIAM RAT, and an economic weekly, and so forth have all reflected the serious economic difficulties facing Thailand due to its all too heavy dependence on foreign capital and its excessive involvement in the Cambodian issue. WIWAT affirmed in its 9 July issue: The topmost power structure is in trouble. Democracy is not guaranteed on the basis of the people's power. Meanwhile, the economy is dependent on the interests of foreign countries and multinational companies.

The great majority of the people live in hopelessness. It can be said that at present, Thailand's economic management apparatus is dictated by the needs of foreign creditors. Therefore, an economic crisis of the capitalist world will shake the Thai economy by the roots. And finally, unless Thailand extricates itself from the Cambodian issue, it will be unable to solve its economic difficulties. China is Thailand's formidable market competitor. The deeper its involvement in the Cambodian issue, the more Thailand will depend on China and the United States. For instance, Thailand this year had a bumper corn crop with an output of 5 million metric tons; however, its export market including Hong Kong, Malaysia, and Singapore no longer buys corn from Thailand but from China. Meanwhile, Thailand is suffering hundreds of millions of dollars in trade deficit with China.

Public opinion both inside and outside Thailand reflects great worry about the Thai policy of confrontation with the Indochinese countries. The Japanese newspaper ASAHI SHIMBUN said: Differences in opinion have emerged from within the Thai Government concerning relations with other countries in the region. It is noted that many Thai parliamentarians, lawyers, and professors have publicly criticized the Bangkok administration's unfriendly policy toward its neighbors.

The WASHINGTON POST affirmed: Thailand is being much criticized for its foreign policy in Southeast Asia. Many ASEAN member-countries are not satisfied with Thailand because the latter is somewhat heavily dependent on China in its confrontation with the Indochinese countries. Unless Thailand takes a more flexible approach, it will face the danger of being isolated from even its ASEAN friends.

The publication ASIA WEEK observed: It is time for Thailand to re-examine its tough policy toward the Cambodian issue; otherwise, it will become isolated. Continuing to prolong the war by allowing the Khmer reactionaries to operate along the Thai-Cambodian border will harm Thailand's own stability.

CSO: 4209/630

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN MARKS LUANDA NONALIGNED CONFERENCE

BK071505 Hanoi Domestic Service in Vietnamese 1430 GMT 6 Sep 85

[Text] Following the seventh nonaligned summit held in New Delhi, India, 2 and 1/2 years ago--March 1983--the nonaligned foreign ministers conference which was opened on 4 September 1985 in Luanda, the capital of the People's Republic of Angola, is the most important political event of the Nonaligned Movement.

During the 2 and 1/2 years time, the world situation has become tense and complex as a result of U.S. imperialists' collusion with other international reactionary forces. Many hot issues have sprung up and needed the settlement by the Nonaligned Movement. First, as for the problem of war and peace, only a little of more than 10 days after the conclusion of the New Delhi summit, on 23 March 1983 the Washington administration officially launched an arms race for militarization of space through President Reagan's speech on star wars. The Pentagon has, by indirect means, deployed new-generation intermediate-range missiles in western Europe and has stepped up the production and deployment of the three strategic weapons namely MX missiles, B-1 long-rang bomber planes, and submarines equipped with launchers for nuclear missiles.

Since the end of 1983, with Reagan's visits to Japan and South Korea followed by his trip to Beijing in spring 1984, the United States has exerted efforts to carry out its new Asia-Pacific strategy in an attempt to open up another front against the Soviet Union and the socialist community, thus posing a grave threat to peace and security of nations in the region, including a large number of nonaligned countries.

Carrying out persistently the struggle against the danger of nuclear war, for peace and disarmament, continues to be a pressing demand and also an important, long-term task of the Nonaligned Movement. Inspired by the initiative of Indira Gandhi and Rajiv Gandhi, chairmen of the Nonaligned Movement, the New Delhi statement of the six heads of states and governments which calls on those countries having nuclear weapons to step up disarmament talks has thus far still borne a fresh contemporary character.

The Soviet Union's decision to unilaterally halt all nuclear arms tests and its proposal for an early agreement on the suspension of nuclear arms tests are important initiative moves as was a proposal on Asian peace and security put forth by Comrade Gorbachev, general secretary of the CPSU Central Committee,

on 21 May 1985 with the purpose of turning the Asia-Pacific area into a zone of lasting peace and security. All these fully conform with the earnest desire of the peoples of various national independence-oriented countries and non-aligned nations.

Another hot issue arousing special concern among developing countries and the member countries of the Nonaligned Movement--which are seeking ways to cope with it--is the growing debts of many developing countries now reaching an appalling mark--\$1,000 billion--as a result of intensified exploitation by developed capitalist nations which are trying to cast off the disastrous consequences of the capitalist world's economic depression on the developing countries and to drive these countries to the brink of the bankruptcy abyss.

Particularly in Africa where the nonaligned foreign ministers' conference is now being held, the excessive exploitation by imperialism and the prolonged, growing difficulties have led to the most serious famine of the century, affecting more than 150 million out of the total 540 million people on this continent.

The struggle for a new, fair, and reasonable international economic order is posing an increasingly pressing problem to developing countries and nonaligned nations. It is crime that imperialist forces have spent hundreds of billions of dollars per year for the arms race at a time when the people in many countries are facing the serious danger of famine and running out of money to buy food and medicine.

The nonaligned foreign ministers conference in Angola is held at a time when the national liberation struggle movement in Africa, especially in South Africa, is developing vigorously and becoming very decisive in face of barbarous acts of terrorism of the South Africa reactionary authorities. They have cruelly suppressed the black people in the struggle in South Africa, sought to continue their rule over the people of Namibia in defiance of the United Nations' and Nonaligned Movement's resolutions demanding an immediate independence for Namibia under the leadership of the Southwest Africa People's Organization.

The fact that the nonaligned foreign ministers conference held in an outpost country of Africa is an act symbolizing the militant solidarity of the Non-aligned Movement in the struggle for national independence and sovereignty of African nations, including the just struggle of the Namibian and South African peoples. It is also an act of solidarity with the Angolan people and government who are struggling arduously to defend independence and freedom against the South African aggressors and their henchmen.

Over the past 30 months since the New Delhi summit conference, the U.S. imperialists have increasingly exposed their bellicose nature by grossly invading Grenada, a member of the Nonaligned Movement with a small population and without capability to defend itself, intensifying provocations against and interference in Nicaragua and El Salvador, and encircling and threatening Cuba, thereby creating tension in the Central American and Caribbean regions. They have intensified their collusion with Israel and used this country as an assault force to oppose peoples of the Arab countries, sabotage Lebanon, and oppose Palestine patriotic forces and other Arab progressive forces. These decisive



counteracts indicated that U.S. imperialism is the most dangerous enemy of the people all over the world.

The Nonaligned Movement will continue to resolutely uphold its banner against imperialism, old and new colonialism, apartheid, and Zionism. It will uphold the just struggle to regain and defend independence and freedom of nations.

In Southeast Asia--since the 7th summit conference which called for all nations in the region to pursue a policy of negotiations to solve outstanding problems in order to establish long-term peace and stability in the region--the trend for negotiations between the ASEAN and Indochinese countries has been accelerated. Various major changes during the past 6 years in Cambodia and in the region resulted in the declaration of the Indochinese foreign ministers conference in mid-May [month as heard] 1985 that: It is time for parties concerned to go into realistic negotiations to solve problems concerning peace and stability in Southeast Asia and the Cambodian issue. The recent negotiation between Indonesia and Vietnam, which carried out on behalf of the two groups of countries to discuss problems pertaining to a solution for Southeast Asia and Cambodia, is in conjunction with the spirit of the New Delhi nonaligned summit conference's resolution on Southeast Asia. This negotiation is a new step in the process of seeking a peaceful coexistence between the two groups of countries in the region.

The fact that the PRK and SRV declared the continued gradual withdrawal of Vietnamese volunteer troops from Cambodia and the total withdrawal in 1990 once again indicated the unswerving policy of Vietnam in respecting Cambodian independence and sovereignty. It also indicated the rapid growth and determination of the Cambodian people to bear the burden of building and defending their own fatherland.

The aim to hold talks between the PRK and Cambodian opposition groups and individuals to discuss problems of national reconciliation on the basis of eliminating the genocidal Pol Pot clique as well as other negotiations between countries in and outside the region will certainly contribute positively to establishing a long-term solution for the region beneficial to peace and stability in Southeast Asia and the rest of the world, and are in conformity with the aspiration of nations, including the nonaligned countries.

In the past, the Nonaligned Movement has experienced many very crucial ordeals. The murder of Prime Minister Indira Gandhi by imperialist-lackey reactionary forces was aimed not only at undermining India but also at creating difficulties to the Nonaligned Movement of which the Republic of India is chairman. The imperialists and those forces tailing after them have also striven to drive the movement away from its basic objectives. They have sought to bring the movement back to its original objectives in the hope of pushing the movement to stand in the middle or, in fact, to accept a compromise by which it would protect imperialism against revolutionary, peace, and progressive forces. But they have suffered heavy setbacks. The Nonaligned Movement with Prime Minister Rajiv Gandhi as its chairman is strengthening its unity, stepping up its struggle, and continuing to hold high its banner of antiimperialism and anticolonialism. Its political prestige in the world is ever growing.

The nonaligned foreign ministers conference now being held in Luanda to assess past activities of the movement, approve important decisions on guidelines for its future activities, and make preparations for the eighth nonaligned summit will contribute to pushing the movement forward in accordance with the trend of our time so it can contribute greatly to the common struggle of the entire mankind for peace, independence, democracy and social progress.

CSO: 4209/630

INTERNATIONAL RELATIONS, TRADE, AND AID

ROMANIAN LEADERS GREET SRV NATIONAL DAY

OW090939 Hanoi Domestic Service in Vietnamese 1100 GMT 8 Sep 85

[Text] On the occasion of the 40th anniversary of our country's national day, Comrade Nicolae Ceausescu, general secretary of the Romanian Communist Party and president of the Socialist Republic of Romania; Comrade Constantin Dascalescu, prime minister of the Socialist Republic of Romania; and Comrade Nicolae Giosan, chairman of the Grand National Assembly of the Socialist Republic of Romania, sent a joint message of greetings to Comrades Le Duan, Truong Chinh, Pham Van Dong, and Nguyen Huu Tho.

The message reads: On the occasion of the 40th anniversary of the SRV's declaration of independence and national day, we wish to convey our warm greetings to you, comrades, the CPV, the SRV Council of State, National Assembly, and government, and the entire fraternal Vietnamese people.  
[Sentence as heard.]

The Romanian people, who manifested their intensive militant solidarity with the Vietnamese people in their struggle for social and national liberation, are monitoring with sympathy their socialist construction efforts in Vietnam, and are genuinely happy over the great achievements they have scored over the past 4 decades of existence in freedom and independence.

We firmly believe that in the spirit of the agreements reached at the high-level meetings between the two countries, the close, friendly relations and the multifaceted cooperation between the Romanian Communist Party and the CPV will be unceasingly consolidated and developed in the interest of the Romanian and Vietnamese peoples, and for the sake of the common cause of socialism, progress, and world peace.

On the occasion of your country's great festive anniversary, we sincerely wish you good health and happiness, and wish the Vietnamese people, under leadership of the CPV, led by Comrade Le Duan, New achievements in their efforts to attain the ideals of peace, progress, and prosperity.

On this occasion, Romanian Minister of Foreign Affairs Stefan Andrei also sent a message of greetings to Foreign Minister Nguyen Co Thach.

CSO: 4209/630

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

SRV NATIONAL DAY FILM SHOW--Our embassy in Paris hosted a film show on the evening of 4 September. The show was attended by 300 guests, including representatives of the French ministries of external relations, cooperation, culture, education and finance. Also present were Comrade Lajoinie, member of the French Communist Party Central Committee Politburo and secretariat and [word indistinct] of the group of communist deputies in the National Assembly; Mr (Frigne), leader of the group for friendship with Vietnam in the National Assembly; ambassadors and representatives of various socialist and nationalist countries; representatives of the southwest African people's organization and the African National Congress of South Africa; representatives of the French general confederation of labor and Socialist Party; Mr (Fourni) general secretary of the French-Vietnamese Friendship Association; Mr Nordmann, general secretary of the WFDL; Mr (Wen), representative of the Association for Development of Relations with Cambodia; the chairman of the PRK Red Cross; the rector of the Phnom Penh College; representatives of various organizations of patriotic Lao and Cambodian residents; Mr (Lam ba Chau), general secretary of the Association of Vietnamese Residents in France; journalists; and numerous French friends. [Text] [Hanoi Domestic Service in Vietnamese 2300 GMT 6 Sep 85 BK]

JAPANESE VACCINE AID--The Japanese Government and Red Cross Society recently donated to Vietnam as emergency aid 40,000 cubic millimeters of vaccine worth Y23 million. These vaccines were delivered through the Vietnamese Red Cross Society for use in the prevention of encephalitis-B in children. [Text] [Hanoi Domestic Service in Vietnamese 2300 GMT 30 Aug 85 BK]

SOVIET EXPERTS EMULATION DRIVE--At the Tri An hydroelectric power plant construction site, tens of thousands of Vietnamese cadres and workers and Soviet experts are enthusiastically entering a new emulation drive to cast the first concrete block for the foundation of the plant on 23 September. This is aimed at scoring achievements in honor of the 40th anniversary of the August Revolution and the 2 September National Day. [Text] [Hanoi Domestic Service in Vietnamese 23 GMT 30 Aug 85 BK]

CSO: 4209/622

## PARTY ACTIVITIES AND GOVERNMENT

### ECONOMIC IMPACT OF 8TH PLENUM RESOLUTION ON PRICES, WAGES DETAILED

Hanoi NHAN DAN in Vietnamese 8-11, 16-19, 22-26 and 29-31 July, 1-2 August and 5-9 August 1985

[Article: "Gaining an Understanding of the Resolution of the 5th Party Central Committee's 8th Plenum on Prices, Wages and Money"]

[8 Jul 85, p 2]

[Text] The Price, Wage and Money Situation in Our Country

Prices, wages and money are exceedingly complex and closely interrelated matters that lie within the economic management system.

Our country's economy has experienced 30 years of war against France and the United States and has lacked the conditions needed for strong development. To meet the needs of combat and the everyday lives of troops, manual workers, civil servants and the people, we had to rely rather heavily upon non-repayable aid from the fraternal countries for several decades, especially aid in the form of grain, food products, consumer goods, supplies, raw materials and fuels. As a result, prices and wages as well as the financial and monetary systems basically remained stable. The standard of living of all of society was maintained and was also stable. The system of centralized management and the policy of subsidization were necessary during the war and created the above mentioned socio-economic stability so that all the forces of the nation could be put into the fight to win victory over the foreign aggressors and maintain the independence and freedom of the fatherland. However, having remained in effect for several decades in our country, this policy of subsidization left a very profound imprint upon our thinking and became a way of life and a method of socio-economic management.

Since the liberation of the South, fundamental changes have occurred in our country's economic and financial circumstances. The non-repayable aid from foreign countries has virtually stopped. The majority of the capital received in the form of long-term loans from the fraternal countries and friends has had to be allocated for complete factory projects and important projects that lay the groundwork for socialist industrialization. To import raw materials, fuels and consumer goods, we have had to increase our exports. Since 1981, strong price changes on the world market have adversely affected our country's

economic situation. The prices of imports have doubled, even tripled in some cases. In addition, the two wars of aggression unleashed by the Chinese expansionists and hegemonists along the southwestern and northern borders inflicted heavy losses upon our people. We have also had to meet large needs in the area of strengthening the national defense and security systems with the aim of firmly defending the socialist fatherland, which is the most important prerequisite to our people building socialism. Our country's population has continued to grow at the rate of more than 1 million persons per year.

Recognizing this situation and in the face of the difficulties of the economy, our party and state enacted a number of important policies and measures designed to improve distribution-circulation and resolve some pressing problems regarding prices, wages and money. The resolution of the 6th Plenum of the 4th Party Central Committee, which was held in September 1979, was of very important significance. The resolution pointed out the need to fully understand the line on the socialist revolution, fully understand the laws of socialism, improve our economic management and revise a number of major economic policies under the guidelines of giving more attention to the interests of the individual laborer and upholding the right of collective ownership of the working people in everything from plans and production to distribution and consumption.

Following the issuance of that resolution, the party and state adopted many new policies. These were: Resolution number 26 of the Political Bureau (June 1981) on improving distribution and circulation (finances, monetary activities, prices, wages, commerce and market management); Secretariat Directive Number 100 dated 13 January 1981 on "improving contracting procedures and expanding the use of product contracts to groups of laborers and individual laborers at agricultural cooperatives"; Council of Ministers' Decision Number 25/CP dated 21 January concerning a number of policies and measures designed to give state-operated enterprises financial independence and allow them to display greater initiative in their production and business; Decision number 26/CP on "expanding the payment of contract wages and piecework wages and applying the various forms of bonuses within the production and business units of the state."

In only a short amount of time, in the 2 years 1981 and 1982, economic activity within our country improved dramatically, even though a number of weaknesses and shortcomings still existed. Many models and new methods of operating that were markedly more efficient than the old methods emerged and difficulties were overcome. The product contracts within agriculture were eagerly implemented by the farmers of the entire country, thereby leading to major achievements within agriculture. By displaying dynamism and creativity in its business operations, Ho Chi Minh City overcame its difficulties with capital, supplies and raw materials and established economic ties and an export-import federation in order to stimulate the development of its industry. Quang Nam-Da Nang Province has utilized every segment of its economy and enacted many appropriate economic policies to restore and develop its small industry, handicraft trades, local industry and agriculture in a comprehensive manner. Long An Province, having begun to gain a clear understanding of the law of value and the relationship between goods and

money, has taken very creative steps to develop socialist commerce, control goods and the flow of money, control the market, eliminate the use of ration stamps and coupons, implement a one price policy, shift from the payment of wages in product to the payment of wages in money... Those places that have boldly moved away from the management system based on bureaucratic centralism and subsidization and gradually shifted to economic accounting and socialist business practices have considerably improved their operations, are supporting their cadres, manual workers and civil servants and have not only developed their production, but also turned over increasingly large profits for inclusion in the state budget. The history of our country's revolution has constantly shown the need for close coordination between the leadership and guidance provided by the Party Central Committee and dynamic, creative implementation by the localities and basic units. Some of the good experiences recorded over the past several years by various localities in resolving the problems of prices, wages and money have made important contributions to the formation of numerous economic positions and policies of our party and state.

Facts have shown that our cadres on the local level and our cadres at basic units are very creative, are able to think, are capable of coordinating efforts and know how to provide management. Under the leadership and guidance of the Party Central Committee, they have tapped the initiative and creativity of the locality and basic unit and done so within the bounds of the law of advancing from small-scale production to large-scale, socialist production. This explains why, under very difficult circumstances, central state-operated, local and collective agricultural and industrial production have, generally speaking, improved in recent years, especially in the areas of grain production and capital construction, where our achievements have been significant. Here, not only do we see the impact of the structure of the economy, of the organization and management of production, but also the impact of price, wage and monetary policies adopted under the light of the resolutions of the Party Central Committee.

#### Improving the Economic Management System

The directives and resolutions of the party and state on distribution and circulation have made significant contributions to eliminating obstacles in production and business, stimulating the development of production, intensifying procurements in order to control the sources of goods, resolving a number of pressing problems regarding prices and wages and partially improving the national financial system.

However, the socio-economic situation is still marked by many difficulties. Distribution-circulation is always the front of crucial urgency. Prices, wages and money are always acute, pressing problems that demand solutions.

This is because of the objective reasons stated above, and also because of subjective shortcomings on our part. Our understanding of the economic laws of socialism and their application in the initial stage of the period of transition has been limited in some respects. In addition, we do not have much economic management experience. The economic positions and policies that were previously adopted to resolve the problems of prices and wages and the

other economic problems had the drawback of being based on the continued maintenance of bureaucracy and subsidization and did not deal with the problems of prices, wages and money on the basis of thoroughly dismantling bureaucracy and subsidization and shifting entirely to economic accounting and socialist business practices.

In production and business, we have continued to conduct planning and provide management characterized by bureaucratic centralism and subsidization and based solely on allocations and deliveries, allocations and deliveries at any price, with the state taking all profits and assuming all losses and economic accounting being artificial and merely a matter of form. This system has placed basic production and business units in a situation in which their hands are tied. They have become passive, rely upon the upper level and have no incentive. At the same time, they have not been compelled to concern themselves with productivity, quality or efficiency. This system has also placed these units within an administrative-bureaucratic order that has no need to consider economic efficiency. As a result, any dynamic basic unit or locality that is quick to respond and wants to step up production and expand its business in a manner that yields higher returns must "tear down" some "fences."

The system of low, below value state prices has caused many serious consequences. The real wages of manual workers and civil servants have declined, thereby violating the principle of distribution in accordance with labor and the right of laborers to determine how their wages and income are spent. The payment of wages in product has caused much waste and many negative phenomena.

On the basis of the situation described above, the resolution of the 8th Plenum of the 5th Party Central Committee points out: we must completely dismantle bureaucratic centralism and subsidization and correctly implement democratic centralism, economic accounting and socialist business practices if we are to accelerate production and business in a manner that yields higher returns.

At present, eliminating bureaucracy and subsidization within prices and wages is an extremely urgent requirement, is the decisive breakthrough that must be made in order to shift the entire economy to economic accounting and socialist business practices based on planning, strongly uphold the right of collective ownership of the working people and vigorously tap the initiative and creativity of all levels and sectors, of all basic production and business units throughout the country.

The basis upon which the problems of prices, wages and money are to be resolved and the essence of the resolution of the 8th Plenum are to change the entire national economic management system, to establish a management system based on economic accounting and socialist business practices or, in broad terms, to carry out an economic reform program.

The resolution of the 8th Plenum on prices, wages and money represents the crystallization of the experience gained by our party and state in this field over a period of many years, represents a strong, profound and thorough change



of direction in the socio-economic management strategy, in the positions and policies of our party, not only those regarding prices, wages and money, but also those that pertain to commerce, finance, banking and the planning and management system.

Under the resolution of the 8th Plenum of the 5th Party Central Committee, we will bring to an end the period of guiding the economy primarily by means of administrative orders, which is a distinctive characteristic of management based on bureaucratic centralism and subsidization, and enter the period of guiding the economy on the basis of correctly applying objective laws through planning that is closely tied to economic accounting and socialist business practices.

Gaining a thorough understanding of the basic views and thinking expressed in the resolution of the 8th Plenum on prices, wages and money is the task of the entire party and all our people, the aim of which is to completely dismantle bureaucracy and subsidization, shift entirely to economic accounting and socialist business practices and advance our country's economy to a new level of development.

[9 Jul 85, p 2]

[Text] The Decisive Breakthrough

Our party has long viewed strengthening and improving our economic management as one of our pressing and important tasks. The 4th Congress of the Party pointed out the need to bring about a profound change in the organization and management of the economy, establish a new, nationwide economic management system and correctly apply the relationship between goods and money and market relations in the formulation and implementation of plans, with economic accounting being considered a basic factor in helping us to eliminate subsidization. The 5th Party Congress and many subsequent party plenums also established the task of improving our economic management, dismantling bureaucratic centralism and subsidization and shifting to economic accounting and socialist business practices.

We have done much to achieve these ends. Generally speaking, however, due to conservatism, bureaucratic centralism, a lack of flexibility and sensitivity and the continued prevalence of the thinking of relying upon the upper level, our economic thinking did not change and we have, therefore, been slow to improve our economic policy and economic management system. However, it must be stated that reaching a correct understanding of the laws and principles of socialism as well as a correct understanding of the economic management system and the price-wage-monetary system in the initial stage of the period of transition in our country involve an entire process and require time spent in practical application and the study of theory. The totality of the relationships among prices, wages and money and the full scope of the economic management system are exceedingly complex. Dealing with the contradictions and obstacles that exist within these relationships demands that many related problems be resolved in a well coordinated and thorough manner.

In his speech at the 6th Plenum of the 4th Party Central Committee held in the summer of 1984, a very important speech that was in the nature of a thorough review of the situation, General Secretary Le Duan said:

"Under socialism, economic management must apply known objective laws with the aim of constantly increasing the efficiency of each production and business unit as well as the entire national economy and achieve the socio-economic goals set by the leading party. The realities of management and our relatively widespread mistakes and shortcomings show how urgent it is that we improve our management, improve it in both form and substance. We must systematically examine everything from the structure of the economy and the organization of production to our planning, our economic policies and the management apparatus in order to, on this basis, establish a suitable management system. This will not be easy to do. However, it is what we must do and do correctly. In the process, we must focus our efforts on successfully putting a number of key factors in place."

Thus, what are these key factors? As Lenin said: "In every special period, it is necessary to find that special link which we must make every effort to control in order to maintain the integrity of the entire chain and prepare for a steady transition to the adjoining link." The resolution of the 8th Plenum charts a course of attacking bureaucracy and subsidization so that we can shift entirely to the new economic management system. However, where must the breakthrough against bureaucratic centralism and subsidization be made in order to open the way to the new management system, to economic accounting and socialist business practices?

Our country's economy currently consists of many different segments, many different levels of technology, many different scales of operation and many different types of production and business and is marked by many acute imbalances. We must establish a management system that is dynamic, creative and well suited to this economy, a system capable of dismantling bureaucratic centralism and subsidization and shifting entirely to a new method of management.

For many years, it has been our policy to step up production, control goods, control the flow of money and manage the market, considering such a policy to be the premise, the basis for resolving the problems of prices and wages. However, facts have shown that to do these things, we must resolve the problems of prices and wages first. Without satisfactorily resolving the price and wage problems, we cannot, generally speaking, step up production, expand business or institute economic accounting. There have been more than a few cases in which obstacles posed by prices have resulted in production being halted or cut in half, have resulted in losses or made it impossible to procure industrial goods, handicraft goods or grain and agricultural products. And, there have also been more than a few cases in which unsatisfactory wages have been the reason why workers have not had incentive to work hard, why production has not yielded high returns and why negative phenomena have arisen in production and everyday life.

Bureaucratic centralism and subsidization are most clearly evident in the price and wage policies. Extremely unreasonable prices have created a

situation in which "products are virtually robbed when procured and given away when sold" at times, as a result of which large quantities of supplies and goods have slipped from the hands of the state and into the pockets of private merchants and everyone has become a "small stockpiler." The state does not control goods and is not taking in money. This situation combined with the relaxation of our efforts in socialist transformation and the management of the market have made the market and prices more unstable. Meanwhile, the payment of subsidized wages, the payment of "wages in product" have resulted in the development of distribution based on averages, failed to encourage the development of talent, caused staffs to become increasingly large and caused the steady growth of bureaucracy.

Within the context of our country's specific circumstances today, prices and wages have become the important problems that must be resolved in order to lay the groundwork for accelerating production, stepping up procurements and managing the market, in order to uphold the right of collective ownership of the laborer, of all levels, sectors and basic units from production to distribution. Prices and wages are very pressing and urgent problems that have a direct impact every hour of every day upon production and life in every field, in every locality as well as throughout the country. Because of bureaucratic centralism-subsidization, conservatism and inertia, outmoded price and wage systems as well as outmoded financial and monetary policies have been maintained too long. In current socio-economic activities, prices and wages are the field in which we see the sharpest contradictions, are the critical factor in bureaucratic centralism and subsidization, are the hiding place of bureaucratic centralism and subsidization.

Therefore, the resolution of the 8th Plenum asserts: dismantling the system of bureaucratic centralism and subsidization within prices and wages is an urgent requirement, is the decisive breakthrough that must be made in order to shift the entire economy to economic accounting and socialist business practices based on planning, on strongly upholding the right of collective ownership of the working people and vigorously tapping the initiative and creativity of all levels and sectors, of all basic production and business units throughout the country.

#### The Basis for Resolving the Problems of Prices and Wages

In the initial stage of the period of transition, although small-scale production still predominates within the economy, we still firmly adhere to a plan on the basis of upholding the right of collective ownership of the working people and developing the role of the socialist state, considering the plan to be the center of the economic management system, and use the plan to stimulate the development of production, meet the consumer needs of all of society, maintain our national defense and security and carry out socialist industrialization.

However, facts have shown that the existence of bureaucratic centralism and subsidization reduces the effectiveness of planning. The "allocations and deliveries" system clearly reflects the subsidized nature of plans. Plans are nothing more than a one-way "allocation" of investment capital for capital construction, materials and operating capital and a demand that the sectors,

levels and basic units "deliver" products, etc. Without economic levers, such as correct prices and wages, there is no basis to demand that materials and capital be utilized in an efficient manner nor any basis to establish correct relationships between the responsibility and authority of the various planning levels and their obligations and interests. Plans are bureaucratic, impractical and subsidized and have become a matter of coercion, become something that is imposed, become an order. In many cases, the relations surrounding plans amount to nothing more than demanding that investment capital, materials and wage funds be allocated, the more, the better, without balancing the supply accounts, without balancing the material resources or value accounts of the plan, as a result of which materials and capital are utilized with increasingly less efficiency and the consumption of supplies, raw materials and energy steadily increases.

The management system must support the formation of the new economic structure set up within the plan. However, this economic structure has been slow to take shape mainly because the system of bureaucratic and subsidized prices and wages has remained in effect. As a case in point, consider the following example: we have planned the formation of areas that specialize in the production of industrial crops (peanuts, soybeans, tea, tobacco and so forth), especially areas producing raw materials to support the operation of processing plans. However, it is very difficult to establish these specialized farming areas when the agricultural product procurement prices paid by the state are unsatisfactory, when sellers must sell their products at very low prices, when they must go to a great deal of trouble just to sell their products and must wait and go back many times to be paid for the products they sold. Meanwhile, we have been putting a considerable amount of effort into investigating, planning, zoning and investing in water conservancy projects and so forth in order to establish specialized farming areas but farmers have still not responded in a strong manner. The farmers who live outside these specialized farming areas have a better standard of living than those who live within them because they sell their agricultural products at market prices and earn large profits. The end result is that agricultural raw materials do not wind up in the hands of the state and state-operated plants are not receiving a full supply of raw materials even though our industrial crop production potentials are still very large. Dismantling the bureaucratic centralism and subsidization that exist within prices and wages is also an extremely pressing requirement in establishing a planning system that is truly socialist and highly effective. The improvement of the economic management system must begin with the improvement of planning. However, if we are going to improve planning, we must begin with resolving the problems of prices and wages.

The resolution of the 8th Plenum points out that we must resolve the problems of prices and wages on the basis of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices. This means that we must improve prices and wages in a new way, not the old way, which would only result in the continued maintenance of bureaucracy and subsidization. The old way involved making improvements that only went half-way, continuing the application of a "static" price and wage mechanism at a time when the overall economic situation demanded a "dynamic" mechanism and adjusting prices and wages in an isolated and piecemeal fashion.

To resolve the problem of prices and wages in keeping with the spirit of the resolution of the 8th Plenum we must thoroughly dismantle bureaucracy and subsidization. It is necessary to include all reasonable costs in production costs and prices must compensate for all real and reasonable costs, provide the producer with an appropriate profit and enable the state to carry out the formation of capital. The practice of the state compensating for unreasonable losses must be stopped. The entire system of prices must be a one price system. We must stop allowing prices to "float," as well as stop setting and managing prices in a rigid manner. Price management discipline must be strengthened.

Real wages must be paid on the basis of the principle of distribution in accordance with labor and determined steps must be taken to combat the payment of wages based on averages and truly insure that the wage earner can live mainly on his wages, can replenish the energies expended on the job and do so in a manner consistent with the capabilities of the national economy. Wages must be closely tied to the productivity, quality and efficiency of labor.

Our party has decided to resolve the problems of prices and wages on the basis of dismantling bureaucratic centralism and subsidization and establishing a management system based on economic accounting and socialist business practices, on the basis of a true reform of the economic management system and the implementation of the economic laws of socialism as they are specifically applied in the current stage of the socialist revolution in Vietnam.

Because prices and wages are only the first area in which a breakthrough must be made in order to achieve a new economic management system, they are not, therefore, a magic wand that can be used to resolve each and every problem and difficulty being faced and immediately restore a stable economic situation or provide a higher standard of living. When it is established, not even the new economic management system will resolve all of our socio-economic problems, rather, it must be closely tied to an economic strategy, to an economic structure, to an organization of production and to many specific economic policies.

The resolution of the 8th Plenum represents a profound, strong and thorough change of direction not only in the areas of prices, wages and money, but also in the economic management system within our country, a change consistent with the objective laws of socialism.

[10 Jul 85, p 2]

[Text] Thoroughly Understanding and Correctly Implementing the Line

The resolution of the 8th Plenum of the 5th Party Central Committee, which addresses the matter of resolving the problems of prices, wages and money, essentially is a decision to bring about a profound and strong change in our country's economic management system. This truly amounts to an economic reform of important revolutionary significance to the economy and social life. This resolution represents the continued concretization of the general line and the line on the socialist economy that were set forth in the resolutions of the 4th and 5th Party Congresses.

Leading the building of the socialist economy is exceedingly difficult and complex work, work that is new to us; however, it is the central activity of our party in the socialist revolution. The 4th Congress and the 5th Congress of the Party laid very important foundations to insure the success of this economic construction. These foundations are: the definition of those matters that are in the nature of a law of the socialist revolution; the establishment of the general line and the economic line for the entire period of transition in our country; and the formation of an economic strategy to guide the formulation of socio-economic plans in the initial stage along with the adoption of the targets of and the primary measures for implementing these plans. The line set by the 4th and 5th Congresses has been confirmed as being correct by both time and life itself, thereby attesting to the growth and steady progress of our party in the cause of the socialist revolution.

This line clearly reflects the combination of the universal laws of the socialist revolution and the specific characteristics of Vietnam, with reference made to the valuable experiences of the fraternal countries. However, translating this line into practical activities on the part of the masses requires a correct management organization. We are still encountering difficulties and are still weak in this area but we have learned how to gradually overcome obstacles and have recorded encouraging achievements in our performance of the two strategic tasks of building and defending the socialist fatherland.

However, one question is frequently asked by many of us: in view of the fact that the party's line is a correct line, why has it been concretized so slowly and why has its implementation been so poorly organized? The realities of the past 10 years show many things that we have succeeded in doing but have also shed increasing light on the main causes of the stagnation within our economic life. One of these causes is the slowness with which we have improved the economic management system and the fact that bureaucratic centralism and subsidization have remained in existence far too long, which is a situation that the 8th Plenum of the 5th Party Central Committee analyzed with surgical accuracy and criticized and concerning which it set the urgent task of thoroughly dismantling bureaucratic centralism and subsidization in order to shift to a new system of management based on economic accounting and socialist business practices.

In addition to the objective causes stated above, one of the subjective reasons why bureaucratic centralism and subsidization have remained in existence far too long has been the failure on our part to gain a thorough understanding of the party's line and a full understanding of the principles and objective laws of socialism.

The socialist revolution is the most profound and difficult revolution in the history of man. Our country is in the initial stage of the period of transition to socialism. Our party's socio-economic policy in this stage, as well as in every stage, must be consistent with specific circumstances and have the aims of strengthening the forces of the revolution, cultivating the skills of workers, raising social labor productivity, inspiring creativity and stimulating the constant advance of the revolution. The line on socio-economic development is guided by the party's general line and insures the

victory of this line. Advancing our country's economy from small-scale production to large-scale, socialist production without experiencing the stage of capitalist development is an unprecedented undertaking but one that is absolutely necessary. The process of developing from small-scale production to large-scale, socialist production is raising a host of theoretical and practical problems that must be resolved, problems which include gaining a thorough understanding of the revolutionary line and the line on economic development, unleashing the forces of development, strengthening state management, launching mass movements, equipping cadres and party members with a deep knowledge of theory and practice and establishing within the corps of leadership and management cadres correct economic thinking, that is, giving them a thorough understanding of and the ability to correctly apply the economic laws and the matters in the nature of laws of the socialist revolution in our country.

Correctly and flexibly applying the line of the party is always a difficult and complex part of practical revolutionary activities. The party's correct line is the first guarantee of every victory. However, it cannot become reality by itself, rather, it only becomes reality through the state apparatus and revolutionary action movements of the masses, through practical and effective policies and measures, through suitable stages and methods.

One of our major weaknesses is that there is usually a gap, a time lag between the time that the party adopts a correct line and the time that we concretize this line and organize its implementation. Our organizational skills and our ability to conduct practical activities have not kept pace with the new situation and tasks. As a result, organizational efforts and practical activities are sometimes not consistent with the basic views and guidelines set forth within the line. Many of us have much practical economic experience but do not know economic principles and laws.

Replacing the old production relations with the new entails a process of difficult, complex revolutionary change carried out over a long period of time. Changing the ownership of the means of production can be accomplished relatively quickly in the case of non-socialist economic units. However, the socialist revolution cannot be completed simply by taking one step, even though it is very important to establishing the working people's ownership of the means of production. Rather, we must also perform countless other complex jobs, such as reorganizing production, building the economic structure and establishing the right of collective ownership of the working people in all fields, from planning and production to distribution and consumption.

The superiority of the socialist economy over the private economy and the capitalist economy lies not only in the fact that one represents public ownership and the other private ownership or the fact that one does not practice exploitation while the other does. Of greater importance and more decisive significance are which of these economies creates a larger production capacity, which method of organizing production creates a higher labor productivity and brings higher efficiency and which system has a fairer, more rational distribution policy. Resolving such problems and creating a new production capacity, a new economic management system involve a long and difficult process of correctly applying objective laws and solving the

problems that are in the nature of laws of the socialist revolution. They cannot be resolved by means of aspirations or slogans, through willpower or by going against economic laws. One of the causes of our shortcomings in the areas of prices, wages and money, in particular, and in the area of the economic management system, in general, which are now being dealt with by our party by means of the resolution of the 8th Plenum, concerns our misunderstanding or lack of a full understanding of the laws reflected in the party's line.

More than a few persons still harbor misconceptions: they want to immediately abolish most segments of the economy and retain only one or two; they are afraid to talk about the market, to have socialist commerce participate in the market and maintain that socialist commerce should only have a support task, not a business task; they maintain that because ours is a socialist system, the state must sell goods at prices so low that they are virtually being given away and should distribute everything it has to everyone; their thinking concerning every arbitrary price set for the procurement of agricultural products is that it will "benefit farmers and hurt workers"; they maintain that wages are not related to production, that wages are only a means of consumption and can, therefore, be set at any level; or they want to prohibit farmers from raising a certain crop, from raising a certain species of livestock...

In an important speech delivered at the 6th Plenum of the 5th Party Central Committee, General Secretary Le Duan reminded us that before we attempt to resolve the specific problems regarding the management system, it is necessary to gain a full understanding of those matters in the nature of laws that have been presented in a very concise and profound manner within the line of the party but are not now fully understood or being correctly applied by each of us.

The resolution of the 8th Plenum on prices, wages and money also contains the basic views and thinking of our party not only with regard to prices, wages and money or economic management, but also with regard to socialism, in general. These are the matters in the nature of laws of socialism that we must grasp and thoroughly understand in order to implement the resolution of the 8th Plenum well.

[11 Jul 85, p 2]

[Text] Clearly Understanding the Viewpoint Concerning the Exercise of Collective Ownership in Economic Management

The implementation of the resolution of the 8th Plenum demands that we have a clear understanding of the fundamental views of the party in economic management and a correct concept of socialism. Experience has shown that misconceptions and incorrect thinking lead to policies and actions that impede socio-economic activities. Some of us still subscribe to outmoded and simplistic concepts of economic management, socialism and collective ownership, such as wanting to immediately establish a "pure" socialism in which there is only the socialist economy, not any transitional, intermediary economic form, and the state subsidizes every aspect of the life of all of



society, including persons who are lazy and persons who earn their livings illegally. There are also the phenomena of misunderstanding the proletarian dictatorship or abusing and utilizing it incorrectly for the purpose of guiding the economy. There are certain concepts that are incorrect, such as disregarding the law of value; considering the collective and the individual to be the opposite of each other; confusing the individual with the private businessman; considering encouraging the development of the household economy of cooperative members to be encouraging the development of the private economy, considering material and business incentives to be a move in the direction of capitalism; being "afraid" that anyone who raises his income through his own legitimate, productive labor will become rich; thinking that closing a river to traffic and prohibiting a market from being held on it is management of the market; and denying the objective existence of commodity and market relations. Using old knowledge, taking an outdated view and, in particular, examining and performing the work of today on the basis of concepts that are incorrect, especially the exceedingly complex and new work of managing the economy, are not the dialectical approach and, of course, make it difficult to avoid mistakes and problems. The process of implementing the resolution of the 8th Plenum will help us to gain a more correct understanding of the objective laws of socialism and the views of our party in economic management.

History has forged for our nation a precious tradition: the will to be the masters of the country. In the 55 years that we have been under the leadership of the party, this tradition has been raised to the new level of our times. One important contribution made by our party to the theory of the proletarian dictatorship is that it has closely tied the proletarian dictatorship to the right of collective ownership of the working people, considering the implementation of this right to be the moving force behind and the goal of the proletarian dictatorship.

Liberating the country and liberating society implemented the right of collective ownership of the working people. However, building a society that exercises collective ownership involves a long and difficult process and is the combined result of numerous revolutionary changes in production relations, production capacity, the organization of production, culture, science and ideology, the class prejudices, religious beliefs and habits of the small-scale producer and private owner, etc.

In the initial stage of the period of transition, incorrect approaches have been taken that go against the system of collective ownership, such as placing sole emphasis upon the authority of the individual, of the unit and simultaneously maintaining decentralization without a clear division of functions and responsibilities and absolute centralization of authority, which have led to bureaucratic centralism; a fondness for issuing orders but no willingness to obey orders within the machinery of society as a whole; separating the activities of one person, one unit or one field from those of another person, unit or field; not being concerned with the life, with the vital needs and innovations of the laboring masses; not taking into consideration the special characteristics of each sector, trade and locality

or of one's own country; copying an existing model and retaining its use for decades at a time when things and the economic situation are changing very rapidly.

The system of collective ownership guarantees the working people of being the masters of politics, the economy, the culture and society through the mechanism "the party leads, the people exercise ownership and the state manages." As it relates to the economy, collective ownership insures unity between production relations and production forces and ties them closely to each other. It permits the development of each capability and potential that lies in our labor, arable land, sectors and trades under a rational plan, through rational planning throughout the country and permits the application of technical advances for the purpose of creating much wealth for society. The exercise of collective ownership begins with controlling one's economic life. Owning the means of production, controlling production and controlling distribution are the basic prerequisites to the exercise of ownership in the other fields. Establishing the public ownership of the means of production brings about a fundamental and extremely important change: oppression and exploitation are forever abolished and the working people are elevated to the position of collective owners.

It is meaningless to talk about ownership if workers do not have a job or lack adequate work, if they do not truly participate in the process of formulating plans, in the production and distribution of products, beginning first within the basic units. At those times and places at which the revolutionary movement is neither spirited nor practical, it is because of the failure to respect and uphold the right of collective ownership of the worker. The dynamism seen in the economic activities conducted within production at a number of places stems first from a thorough understanding of collective ownership.

This can be clearly seen in the lesson learned in the management of agricultural cooperatives. Years ago, farmers had no land. Following the victory of the revolution, farmers were given land and embarked on collectivization a few years later. Some cooperatives were poorly managed, failed to uphold the right of collective ownership of their members, did not allow their members to control production or distribution, except to go to work when the gong sounded, and calculated workpoints the same way for both good and bad workers and even for persons who did no work at all. In addition to being corrupt, their management boards held frequent banquets and looked after their own personal interests first. At these places, farmers had no enthusiasm for production and cooperative members encountered difficulties in their daily lives. However, under the leadership of the party, our farmers, who are very revolutionary, found a method of management that complies with laws, found a way to combine rights and responsibilities and correctly combined the interests of the state, the collective and the individual laborer in the system of product contracts with groups of laborers and individual laborers, which has led to a strong desire to produce. Of course, not everything is as good as it could be because this system has yet to be perfected...

There can be no dynamism in production and production cannot be developed if bureaucratic and arbitrary methods are employed to manage and regulate the economy, if the production plan norms, finances, supplies, quotas, production costs and bonuses of the enterprise, if everything is decided in a rigid manner on the upper level and if, in every matter from minor to major importance within the field of management, the director must request permission and await an order from the upper level in order to take action.

There are also cases of discrimination against handicraftsmen. At many times and places, their right of collective ownership is violated in everything from the procurement of supplies and raw materials, the use of finances and production to the marketing of products, prices and distribution. This explains why producers in small industry and the handicraft trades encounter many obstacles, have many thoughts they do not express and are not truly content with their work nor enthusiastic about increasing their production.

The system of collective ownership within economic management combines the strength of all three levels exercising ownership together: the entire country, the locality and the basic unit. Plans must be formulated from the lower level upward, not imposed by the upper level. The basic unit must have the right to control its production and business plan and must be independent in terms of its finances, the marketing of its products, the formation and use of capital, in terms of its wage and bonus funds, in terms of developing its production and broadening its economic ties. Increasing the independence of the locality and basic unit and maintaining centralism and unity in the guidance and management of the entire national economy by the central level by boldly establishing a new division of responsibilities between the central level and the locality are the two complementary aspects of the management system, the center of which is the plan, and are an expression of all three levels exercising ownership together.

Economic management must be firmly based on the exercise of collective ownership, considering this to be the most important principle in economic management, one that coordinates and balances interests and, on this basis, taps the strength of the system of collective ownership, accelerates the three revolutions and brings about the strong and steady development of the economy.

The basic spirit of the resolution of the 8th Party Plenum is to uphold the right of collective ownership of the working people in the field of prices, wages and money and in economic management. Resolving the problem of prices, wages and money on the basis of dismantling bureaucracy and subsidization and shifting to economic accounting and socialist business practices is fully consistent with the view that the working people are the collective masters in these fields.

Under the guidelines set forth in the resolution of the 8th Plenum, basic units, enterprises, cooperatives and workers must truly control production and business; must take the initiative in figuring out the best way to operate; must concern themselves with applying technological advances and achieving a higher level of productivity, quality and efficiency; must take steps to make full use of machine and equipment capacity and economize on materials and energy; must remove unreasonable factors from production costs and endeavor to

reduce these costs; and must produce many industrial, agricultural, small industry and handicraft products. If the state takes positive steps to control goods, control the flow of money, develop socialist commerce, dominate and control the market and implement the principle of distribution in accordance with labor, it will create the conditions for manual workers and civil servants to truly control their wages, control their income, control how their needs are met and be the masters of society. It will create the conditions for frugality in consumption, a correct attitude toward work and a wholesome way of life. Everyone will make an effort to work, contribute and live on the basis of his own honest labor, will become the master of his life and the state will control the entire economy.

At those places that have implemented the resolution of the 8th Plenum by eliminating the use of ration stamps and coupons and initiating the payment of wages in money in place of the payment of wages in product and although this only represents a change in the way wages are paid, not an increase in wages or a readjustment of the wage scale, workers have begun to truly control how their wages and income are spent, have begun to truly control their personal consumption. At these places, collective ownership is gradually being implemented within the field of prices, wages and money and everyone is beginning to see and feel this in their daily lives.

The process of the working people exercising their right of collective ownership in the field of prices, wages and money and reforming the economic management system is not a simple or easy process. However, the guidelines set forth in the resolution of the 8th Plenum are correct and will surely help to advance our country's economy to a new stage of development.

[16 Jul 85, p 2]

[Text] The Expansion of Market Relations--a Special Characteristic of the Shift of the Entire Economy to Economic Accounting and Socialist Business Practices

In the task of dismantling bureaucratic centralism and subsidization in order to shift the entire economy to economic accounting and socialist business practices, transforming, managing and controlling the market are both the front of foremost importance and the most complicated and newest front to us. In this task, while it is difficult to dismantle the old system, it is a much more difficult and complex matter to establish the new system. The resolution of the 8th Plenum of the 5th Party Central Committee, which reflects a strong and profound change of direction in the positions and policies of our party, not only those regarding prices and wages, but also those pertaining to commerce, finance, money and the economic planning and management system, has created new, very basic and favorable conditions for achieving control of the market. This resolution is the product of the experience gained by our party and state in the leadership and guidance they have been providing over a period of many years. The Party Central Committee also always has high regard for the experience gained from new factors, from innovations by localities, basic units and the laboring masses.

In the social reproduction that is carried out when commodity production is still in existence, it is through the market that the purpose of products and commodities is realized. The rapid expansion of our country's market in recent years has been closely tied to the enactment of a number of policies on the utilization of the many different segments of our economy, the assignment of management responsibilities to the localities, the increased independence given to enterprises in their business operations, the expanded application of economic accounting and the contract system, the incentives provided for the development of the household economy, the gradual dismantling of bureaucratic centralism and subsidization... All of these changes in economic policy and the management system have naturally led to an expansion of the market and expanded commodity trade among the production and business units of all segments of the economy as well as among localities and sectors. Our country's economic relations with foreign countries have also been expanded. This expansion is characteristic of shifting the economy from a subsistence, war time economy to economic accounting and socialist business practices.

This expansion of trade relations on the market is a trend that conforms with objective laws and is a factor that has stimulated the development of production rather strongly, especially within agriculture, small industry, the handicraft trades, the production of consumer goods and the local economy, in general. It has also been a factor in the expansion of the division of labor, cooperation and economic ties in production, that is, a factor in stimulating the process of the socialization of production. In other words, the many new policies that have been enacted have resulted in production relations that are more appropriate and have, therefore, stimulated the marked development of production of every level, scale, nature and type, given impetus to economic construction and the transformation of the economy, created many additional jobs and provided persons engaged in productive labor with a better standard of living. The resolution of the 6th Plenum of the 4th Party Central Committee brought about this necessary turning point and step forward. On the other hand, the expansion of the market and the expansion of commodity trade has immediately raised very complex problems that must be addressed. The situation that has developed is this: together with the results that have been achieved in the development of production, results which are very encouraging and represent the fundamental aspect of the situation, spontaneity and disorganization have also occurred on the market. Because the market is still largely characterized by spontaneity and disorder, it has also had many negative effects upon production and social life. The struggle to resolve the question of "who triumphs over whom" between the trend toward socialism and non-socialist tendencies, the trend toward planned management and the tendency toward spontaneity and disorganization is also very complex. Moreover, new and old enemies of the revolution, degenerate elements, persons who are earning their livings illegally...are also making every effort to sabotage the economy and create disorder in the market.

In the initial stage of the period of transition, especially in a country such as ours in which small-scale production still predominates, a country that has experienced a long war and still faces the threat of war, such a complex, two-sided economic situation has its underlying causes in the actual state of socio-economic conditions. To begin with, against the background of a strong and solid proletarian dictatorship and a large state-operated economy that

occupies the positions of decisive importance, our country's current economy, an economy that consists of many different segments, has, as an object of management, created the objective conditions needed to gradually achieve unified and planned management of the entire process of social reproduction as well as the market, in particular. On the other hand, this economy is a difficult, sometimes very difficult, entity to manage because it contains within itself many factors of spontaneity and disorganization, factors which stem from the following causes: the private economy and the household economy still account for a large portion of the economy and have developed rather strongly in recent years while our continued transformation and management of these segments have been somewhat lax and marked by confusion. The state-operated economy is in a special situation. Although it possesses large potentials, it is weak in two respects: first, it is unbalanced--the shortage of materials causes constant difficulties to be encountered in production and business, which result in low efficiency or losses; secondly, it lies within a system of bureaucratic centralism and subsidization, lacks dynamism and does very little by way of setting an example, struggling and correctly fulfilling its role as the dominant force in the market. As for the functional economic management agencies of the state, because they have long been accustomed to purely administrative management, to bureaucratic centralism and subsidization and have not kept pace with changes, they are very confused about how to use the tools of the commodity economy and market relations; at the same time, they have also been lax, shown a lack of experience and sometimes even been heavy-handed in the areas of administrative-economic management as well as in mass education and agitation. In other words, the managers have not promptly changed in order to bring themselves in line with the new objects of management and the objective laws they embody and have not been controlling or directing the process of social production, which includes the market.

In such a situation, the inherent spontaneity and disorganization of the tens of millions of farmers, handicraftsmen, small merchants and so forth occur naturally and cause negative consequences that should be curbed. Moreover, spontaneity and disorganization also occur within the state-operated economy and the collective economy because production itself is unbalanced and many factors are unstable. On the other hand, because it is necessary to rescind many regulations within the management system of bureaucratic centralism and subsidization that are obstructing it, the new management system has yet to take shape and be perfected.

In such a complex, two-sided situation, in order to establish a progressive economic order and gradually achieve control over and direct the development of our economy that consists of many different segments, which includes controlling the market, it is necessary to concretize and implement in a comprehensive manner those positions in the nature of principles concerning the targets and the primary policies and measures contained within the socio-economic guidelines and strategy set forth by the 5th Congress of the Party for the immediate stage. In other words, as pointed out in the resolution of the 8th Plenum of the 5th Party Central Committee, we must concretize the party's line in the form of a rational economic structure and an appropriate management system: economic accounting and socialist business practices.

Examined solely from the perspective of managing and planning the economy, the question that must be asked is: how are commodity relations and market relations to be utilized? Moreover, we must continue to expand these relations because this, in itself, is an objective necessity. At the same time, we must take steps to gradually narrow the scope of their spontaneity. In other words, we must take steps to gradually plan the entire process of social production, which includes the market, the field within which products and commodities are realized. The crux of this issue lies in replacing spontaneity with planned organization so that the entire process of social production, as an object of management, including the market, is gradually brought within the sphere of planned organization. From the standpoint of managing the market, this process is the process of carrying out transformation and construction and gradually replacing the spontaneous market mechanism with the mechanism of the planned, organized market. As pointed out by the 5th Congress of the Party and many resolutions of the Party Central Committee, performing this task requires that we closely coordinate the continuation of the production relations revolution with the reorganization of small-scale producers in order to develop production; at the same time, it is of most decisive importance that we build the state-operated economy so that it is strong enough to establish ties with, guide and direct the other segments of the economy. The resolution of the 8th Plenum on prices, wages and money also sets the following as one of the main targets in dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices: the state must control production, control distribution and circulation, control the market and prices.

In recent years, an increasingly large number of state-operated economic organizations has emerged throughout the country. Many districts, precincts, provinces and municipalities have gradually eliminated bureaucratic centralism and subsidization and moved vigorously forward to take control of the market. These places have displayed the spirit of collective ownership, displayed self-reliance and dynamism in developing their production. They have taken positive steps to control goods, control the flow of money, transform private commerce and look after the living conditions of the working people. They have brought the state-operated economy into a dominant position, developed the management role of the state and gradually brought all other segments of the economy within the sphere of planned management, in everything from production to distribution and circulation.

[17 Jul 85, p 2]

[Text] Learning the Science and Art of Business

The resolution of the 8th Plenum points out: to control the market as well as stimulate production, stabilize the standard of living and accelerate socialist transformation, we must resolve the problems of prices, wages and money on the basis of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices. Were we to resolve the problems of prices and wages on the basis of continuing to maintain subsidization, not only would production continue to be held in check within the old system and fail to strongly develop, not only would the

payments of compensation for losses from the budget continue to grow, but the market would continue to change and do so at a higher rate as well. Experience has shown that when the system of bureaucratic centralism and subsidization exists, even though we criticize the tendency to respond to the market mechanism, we are still drawn into this mechanism and find ourselves in a very passive position. To control the market and guide it, to force the market to serve the interests of socialism, of the worker and of the country, the resolution of the 8th Plenum states that we must take a different approach. What is this new approach? It is to dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices.

There was a time when we mistakenly thought, when we maintained that it is difficult to control the market when the state does not control the vast majority of goods and money. Ho Chi Minh City, Quang Nam-Da Nang Province, Haiphong, Long An Province, Tay Ninh Province, An Giang Province and many other places that have instituted the payment of wages entirely in money and have taken important strides forward in controlling the market in a few or many products offer very convincing examples of the ability of the state to control the market. A few days before shifting to the payment of wages entirely in money, there were only 5 hogs in the hands of the state-operated commerce sector of Me Linh District in Hanoi. Private merchants controlled the market in pork products. When the payment of wages entirely in money was implemented, socialist commerce, by taking the well coordinated measures of changing the price policy and the way that pork is procured, vigorously expanding its activities and opening additional sales points, gained control of the market in pork and not only found itself with ample products to sell within the district, but also surplus products to send into the city.

For a long time, when talking about the issue of controlling the market, the concern has frequently been expressed that we do not have enough goods or enough money. This is a real concern and attention must be given to preparing the goods and money we need for the struggle to gain control of the market and to resolve the problem of prices and wages. However, this should not be considered our starting point or a mandatory prerequisite that must be met in order to control the market and resolve the price and wage problems. The issue we face is to resolve the problems of prices and wages on the basis of dismantling subsidization so that we can control goods, control money and control the market. We cannot passively sit and wait for everything to come into balance (the balance between goods and money) before taking steps to control the market and resolve the price and wage problems. To the contrary, resolving the problems of wages and prices on the basis of dismantling bureaucratic centralism and subsidization will unleash new forces, will bring about new balances and new capabilities for controlling the market.

This major dismantling called for in the resolution of the 8th Plenum is designed not only to develop production and achieve high productivity, quality and efficiency, not only to increase the output of products and commodities and generate increased budget revenues, but also to control the market.

One distinctive feature of the production and business operations of the new factors that have emerged is the expansion of domestic trade and export-import



relations and the establishment of joint businesses and widespread economic ties in order to broaden the sources of goods and the sources of initial capital and both expand and increase the efficiency of production and business. This is a necessary trend of development, one that is consistent with the policy on expanding commodity trade and breaking the closed cycle of self-sufficiency, that is, the open structure policy--which is a distinctive characteristic of an economy that is shifting to economic accounting and dismantling bureaucratic centralism and subsidization. In these business and trade activities, together with the achievements we have recorded in expanding production, increasing the formation of capital and improving the standard of living of producers, which are the positive and main features of the situation, many phenomena, such as competition, abuse of authority and so forth, have also arisen. As a result, concerns have been raised about responding to the mechanism of the spontaneous market and about disorganization. These negative aspects are real. Moreover, they cannot be entirely avoided. Rather, we must be vigilant against these phenomena, must contend with and eliminate them when, as an economic necessity, as a matter of economic progress, commodity trade relations are expanded. The problem we face is that we must seize upon the dominant trend and new factors in the initial stage of planning and controlling economic relations of a commodity nature. By raising the issue in this manner, we can see that those units and localities that operate in a dynamic fashion with a broad measure of independence have shown the ability to bring the production and market of the product sectors and the localities within the sphere of planned management. These units and localities, instead of assuming a passive, defensive position or separating themselves from the market, have begun to attack the market. They have learned to acclimate themselves to the market but not be drawn into its spontaneity and abandon their plans. Instead, they have gradually begun operating as a known planned and united entity, as an entity of the locality and sector that formulates strategy and plans production and circulation. They have not chased after the spontaneous prices of the market but only made certain adjustments and then gone on to create real forces, gain control, keep prices stable and gradually bring the prices in their field within the sphere of planning. They have not slipped goods onto the free market or isolated themselves from this market, rather, they have gradually become an entity that controls real forces in the form of materials and goods in order to control distribution in accordance with the plan and policies. They are not operating at a loss and surviving on budget funds, rather, they are generating large profits for the budget, generating cash revenues, that is, they have won the right to redistribute national income through distribution and circulation, through the market. They are not inferior but superior to the collective and private economies in productivity and efficiency, in the control of real forces, consequently, they have been able to establish economic ties with, to guide and transform these segments.

V.I. Lenin once said: "The proletarian state must become a thoroughly prudent and capable 'boss,' become a proper trader, otherwise it will not be able to restore this small farm economy in the economic sense. Today...--standing side by side with the capitalist West--we cannot advance to communism by any other path. A trader, the term conjures up an economic model that is far removed from communism, as far as the earth is removed from the sun. However, in the stark reality of life, this is one of the contradictions that will lead

us from a small farm economy to socialism through state capitalism." It is precisely as a result of starting to learn how to trade, as V.I. Lenin said and our party has demanded, that the new factors mentioned above have, in actuality, gradually been gaining control over the entire process of social reproduction, including the market, which is the field in which products and commodities achieve their purpose. Yet, we still hear among us much criticism based on the unreasonable feeling that "going into trade is improper," even if it is trade for the purpose of benefiting the working people, benefiting the socialist state. Such criticism unintentionally gives the right to trade and profit through the price differential to private merchants and speculators.

It can be said that the business organizations and localities mentioned above have gradually truly become the masters of planned, unified management within the scope of their responsibility and done so in the spirit of ownership of "together with the entire country, for the sake of the entire country." In particular, they have not exacerbated, but helped to gradually develop plans to deal with the problems of prices, wages and money, which are the most complex and difficult economic matters we face and also the matters in which we have the least experience. They have provided experience in dealing with these problems in a way that insures unity but is not rigid or mechanical, that is, unity with a division of responsibilities based on the viewpoint of all three levels exercising ownership, unity within diversity, unity within a system in which the plan is the dominant factor, all with the aim of supporting the goals of socio-economic strategy.

The argument concerning the role of the socialist state as trader, concerning making trade the main link is perhaps difficult for many ordinary communists to understand. Practically all of these ordinary communists will have to see this argument work in practice and some will have to pay a price for a time in order to gain an increasingly better understanding of it. But the truth is quite plain. If we want to control the battlefield, we must know how to fight well. To control the market, we must be skilled in trade. We must study, gain experience and learn the science and art of trade on the market in a civilized manner from the monopolistic capitalist corporations. This was also the advice of V.I. Lenin.

It can be said that because of apprehension, unreasonable attitudes and an aversion to the market and trade, we have failed to carefully study the free market in order to struggle against and defeat it by means of its own tools. Instead, many sectors, localities, corporations... of ours, which possess political, administrative and other strengths that are superior to private business and small merchants, are still powerless in the face of and suffer losses at the hands of private business and small merchants, of the market. The new factors have achieved success because they have studied, to some degree, how to organize the trade business and control the market for the sake of the interests of socialism. The Ho Chi Minh City Grain Corporation is one of the brightest successes. The experience of this corporation, which has been confirmed as a good experience by the party and state, has been and is being spread throughout the country as a process of progress in which the organized, planned market is gradually expanding, gradually crowding out and taking the place of the spontaneous market. With this experience, we have the ability in our hands to achieve a state monopoly in the grain business and the

primary agricultural products through rational policies, a rational price system and a rational mode of procurements and sales. One of the objectives of resolving the problems of prices, wages and money in the spirit of the resolution of the 8th Plenum is control of the market and prices by the state.

[18 Jul 85, p 2]

[Text] The Impact of the Law of Value

In economic management, we cannot ignore the objective laws that exist and have an impact in the initial stage of the period of transition. We cannot act in any manner that suits convenience, cannot act on the basis of subjective will, rather, we must have a full understanding of and correctly apply these objective laws.

When setting the procurement prices paid to farmers for agricultural products, we must educate farmers and, on the other hand, comply with the objective laws of planned production. We cannot do otherwise. Why is it that farmers will happily and proudly send several of their sons to the frontline to fight to defend the fatherland and are prepared to endure sacrifices and losses to maintain the independence and freedom of the country but if they must sell a hog to the state, they refuse to accept a price they do not like, refuse to take 1 less dong than they want? Is this because our farmers are dominated by the mentality of private ownership and do not know what common interests are? No, such is not the case at all! It is because war is governed by the laws of war and the economy by economic laws, which include the law of value.

We must recognize the fact that within our country's economy, an economy in which small-scale commodity production is still widespread and very strong, the law of value and the law of supply and demand still have an impact.

At the 6th Plenum of the 5th Party Central Committee, Le Duan said: "Achieving control is a matter of understanding the laws that apply and acting in accordance with them." The law of value and the law of supply and demand, which are necessary laws of commodity production, embody positive factors that help to stimulate the development of society and also embody negative, spontaneous factors. All commodity production, be it simple commodity production, capitalist commodity production or socialist commodity production, is under the impact of the law of value and the law of supply and demand. Of course, the degree of this impact varies and the objectives to which these laws are applied differ. Socialism, unlike capitalism, does not use the law of value and the law of supply and demand to exploit surplus value and seek exorbitant profits. Socialism, while firmly maintaining the dictatorship of the proletariat and upholding the right of collective ownership of the working people, must know and apply the law of value and the law of supply and demand to develop production in a way that yields higher economic efficiency and serves the interests of the working people and socialism.

The resolution of the 8th Plenum on prices, wages and money, which applies very important objective laws, represents a strong and determined attack on outmoded and backward ways of thinking and operating that violate laws in order to dismantle bureaucratic centralism and subsidization and shift

entirely to economic accounting and socialist business practices. Prices, wages and money are categories that are closely tied to the conditions of a commodity economy. Without the conditions of a commodity economy, the problems of money and prices do not exist and even the income of the cadres, manual workers and civil servants of the state are not in the form of wages. And, conversely, without the movement of money, prices, wages, finances, the market...the commodity economy no longer has any real significance. To correctly resolve the problems of prices, wages and money, we must live and conduct production and business operations on the basis of a clear knowledge of the complexity and variability of the relationship between goods and money together with the law of value under the specific conditions of our country today.

The resolution of the 8th Plenum states that we must thoroughly dismantle bureaucratic centralism and subsidization within the management of the economy. The problems of prices, wages and money must not be resolved by the old method but on the basis of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices.

Actually, our party has been talking about dismantling the system of bureaucratic centralism and subsidization for many years. However, this effort has been proceeding slowly and is still yielding only limited results. This is mainly because we have not introduced specific forms that will enable us to move away from bureaucratic centralism and subsidization. In other words, while we want to dismantle the old, we have yet to introduce the new, have yet to design the new system. The critical situation we face demands that we take drastic, specific and thorough steps to dismantle the system of bureaucratic centralism and subsidization because, on the one hand, the constraints imposed by this system are very severe and very obvious and, on the other hand, because facts have begun to show that we have the ability to design a new system to replace the old one. These two factors are closely interrelated and lead us to a fuller understanding of the situation. At each step taken to implement the new system, we will encounter major resistance from the system of bureaucratic centralism and subsidization; at the same time, this resistance by the system of bureaucratic centralism and subsidization will be more clearly evident because an opportunity will exist to compare it with the new system.

In the past, "subsidization" has existed as a major system in the movement of the national economy. Because of it, the national economy, which encompasses both production and life from the standpoint of society as a whole, has not developed strongly even though we have enacted a number of policies and measures that have begun to be economic in nature. Subsidization is totally contrary to economic laws.

Within the context of the specific circumstances of our country, the system of subsidization is a system that was originally closely tied to the war time situation. It came into being as a necessity, was strengthened and had an impact under the conditions that existed during the long and bitter war, when independence and freedom were the forces directly stimulating social progress, not economic interests. It gave those persons going to the

frontlines peace of mind and effectively contributed to mobilizing enormous sacrifices of life and property in the rear area so that all efforts could be devoted to the frontlines, to winning victory over the aggressors. However, the drawbacks of subsidization and its obstruction of social progress became acutely evident when the task of building socialism, building the economy became the task of foremost importance, that is, when economic interests became the direct force.

The system of subsidization has the following several salient characteristics:

First, it does not entail economic accounting and does not involve the calculation of economic efficiency, neither in production nor consumption and neither from the standpoint of the individual nor the standpoint of society as a whole.

Secondly, it does not closely tie responsibilities and obligations to economic interests and, conversely, does not closely tie economic interests to encouraging the fulfillment of responsibilities and obligations.

Thirdly, living on the basis of allocations and deliveries, of the upper level allocating to the lower level and the lower level delivering to the upper level, buying and selling products under orders, putting goods into the hands of consumers by distributing them and putting goods under state control by means of collections and deliveries are not buying and selling in the true sense.

Fourthly, consumption is based on averages, on equal sharing and distribution. As a result, there is no need to be concerned about the limited capabilities of the national economy. When the supply of goods is low, a simple solution exists: reducing the distribution standard. Everyone resents this and encounters difficulties in their daily lives. However, in the end, everyone is happy because the desire that "everyone be affected equally" is satisfied. And, when consumption is based on averages, on equal sharing and distribution, those agencies that control and manage materials and goods become agencies that wield must power, become authoritarian and create major inconveniences for society, which is not to mention the ease with which pilfering and embezzlement can take place.

The dominant feature of the system of subsidization is that it does not entail the calculation or use of economic interests, which is contrary to commodity relations, the law of value and the principle of distribution in accordance with labor. Commodity relations demand that production and consumption be based on value. Moreover, they must be based on social value, not a value arrived at by some convenient method. At the same time, there must be price parity in trade. The end result is that once commodity relations are not being correctly utilized and the principle of distribution in accordance with labor is not being implemented, it paralyzes the dynamism of individuals, basic units and localities in the new stage of the revolution--the stage in which the focus of efforts is to build the new economy, strongly develop production and improve the standard of living of the people. In other words, when economic interests emerge as the direct force stimulating the development of the national economy and subsidization is still being maintained, it

impedes this force and even nullifies it. Then, the formulation and implementation of the state plan become nothing more than a matter of form and the impact of this main tool in organizing and managing the national economy is reduced.

Subsidization causes managers as well as the persons being managed to lose their sensitivity in all elements of the social reproduction process, from direct production to distribution, trade and consumption. Therefore, it is the direct source of bureaucracy and causes management to become rigid, cumbersome and simplistic instead of subtle and fluid as management should be because the primary means by which management is provided and management is responded to are the issuing and receiving of ration stamps and coupons, are allocations and deliveries. Subsidization causes those persons who work in the distribution and circulation sectors to easily develop the attitude that they are doing a favor for society. Within the context of the specific conditions of our country, dismantling the system of subsidization and shifting entirely to economic accounting and socialist business practices mean raising the production sectors as well as the distribution and circulation sectors to a level at which they truly serve the people and provide the people with better service, mean that providing service is the objective of the sectors and that business is the means by which this objective is achieved.

The system of subsidization has led us to the point where our life and work are not in tune with the economic times. The end result is that the quantity of products produced does not increase or only increases slowly, product quality declines and liquid capital is slowly consumed. With regard to the apparatus built upon the system of subsidization, the state staff can never be streamlined. To the contrary, it becomes increasingly large because it is preserved and encouraged to grow by the system of subsidization's principle of equal sharing.

The system of subsidization does not apply the law of value and violates the principle of distribution in accordance with labor.

[19 Jul 85, p 2]

[Text] Commodity Relations in the Initial Stage of the Period of Transition

Economic management is the application of objective laws to the specific circumstances of our country for the purpose of regulating economic activities in the most efficient manner possible with the aim of achieving the socio-economic goals set by the party congress. We must oppose the subjective and impetuous desire to quickly bring the period of transition to a conclusion and rapidly begin the period of the construction of developed socialism, thus disregarding the law of value and denying the objective existence of commodity relations and the market.

Some of us still have a deeply held "aversion" to the law of value and appear to consider it a category of the capitalist economy, forgetting that our country's system of production is still a system of commodity production and, moreover, that we still want to do away with subsistence production in order to make a rapid transition to socialist commodity production.

Commodity production still exists under socialism but it is controlled by the economic laws of socialism, has the purpose of serving the interests of the working people exercising collective ownership and the interests of all society and is carried out in accordance with the guidelines of the state plan. The commodity economy must still be governed by the law of value. However, the socialist economy is based on public ownership of the means of production and, within it, the worker, not commodities, is the collective master; therefore, the law of value that governs this economy is very different from the law of value of the capitalist economy. Under socialism, the law of value has the purpose of encouraging the economic sectors and production-business units to operate efficiently and motivating the worker exercising collective ownership.

Economic accounting and socialist business practices based on planning are the salient points in the application of the law of value in our country. If the plan is not closely tied to economic accounting and socialist business practices, it will be a subjective plan that is divorced from life, a plan that does not take economic efficiency into consideration and is, as a result, difficult to implement. However, economic accounting and socialist business practices that are not carried out on the basis of planning result in a preoccupation with profit and loss and pose obstacles to socio-economic development.

Once we have dismantled the system of subsidization, we must replace it with a new economic mechanism, that is, a mechanism that embodies the economic essence of the movement of the national economy. In other words, it must be a mechanism that allows all of the economic laws, including the law of value, to work well. We utilize economic interests as the direct moving force in economic activity in order to stimulate the development of the national economy, stimulate social progress. The most direct factor in dismantling and replacing the system of subsidization is to thoroughly utilize economic interests in accordance with commodity relations and the law of distribution in accordance with labor. Commodity relations and income in accordance with labor are two consistent aspects of socialism that bear the unavoidable imprint of "bourgeois jurisdiction." The system of subsidization is a violation of both of these aspects. Therefore, we can only completely dismantle the system of subsidization in conjunction with correctly and actively applying commodity relations and the relations that pertain to income in accordance with labor. We are, within each economic unit as well as on the scope of the entire national economy, replacing the system of bureaucratic centralism and subsidization with a new system: economic accounting and socialist business practices. Economic accounting and socialist business practices constitute a complete, integrated system that demands the precise utilization of the categories of prices, wages and money in order to combine the various economic interests, consequently, they constitute a system of integrated forces (the state, the collective and the worker) stimulating the development of production. Economic accounting is the form, the means, the method of planning the national economy when commodity relations still exist. In other words, it is a high level form of ownership exercised by the people within the context of the continued existence of commodity relations.

The issue is a seemingly simple one. In actuality, however, in our habits, in our way of thinking and in our way of operating, we have violated commodity relations. When we sell a kilogram of rice for 4 hao at a time when the price that reflects its real value is nearly 100 times higher, when we sell 1 kilowatt hour of electricity for 1.2 dong at a time when the price that reflects its real value is dozens of times higher...commodity relations have been totally disrupted and no longer have any real meaning. Once products are sold at prices so low that they are virtually being given away, products must also be procured at very low prices. Procurements under obligations are essentially a form of collection and help to negate commodity relations.

When wages--an economic category that is inherently and closely tied to the existence of commodity relations--are actually being paid in the form of product and are, moreover, divorced from productivity, quality and efficiency, they, too, no longer hold their true meaning and, thus, only serve to further diminish commodity relations.

In the specific case of our country, the misconceptions and incorrect actions concerning commodity relations are closely related to war time socialism. There are even some persons who think that every act of buying and selling is improper, is unethical, is contrary to socialism!

Examined from the perspective of the history of the evolution of man's production, the step up to commodity relations represented a higher level of civilization than the long, dark primitive night that preceded it. In view of the extremely weak state of production in primitive times, commodity relations could not be established. In the age of civilized communist society, when wealth will flow like water as predicted by K. Marx, commodity relations will no longer exist. These relations are a matter of an historical natural and have been extremely necessary in stimulating the development of man's production beyond the point of hunger and suffering to civilization and complete happiness. Commodity relations are the opposite of subsistence production, of natural production and are the rung on the ladder of development above subsistence production and natural production. If sufficient food is not being produced, there are no commodities. It was first necessary for man to reach and exceed the level of sufficiency in food, produce a surplus product and then put this surplus product on the market in the form of a commodity to be traded, bought and sold before he could satisfy higher needs. In the initial stage of the period of transition to socialism in the Soviet Union, V.I. Lenin distinguished between two methods of mobilizing grain. The first cadre collects 100 percent of the tax due and procures 55 percent of the grain required by trading industrial goods for grain. The second cadre only collects 75 percent of the tax due but procures 75 percent of the grain required. V.I. Lenin maintained that what the second cadre did benefited the proletarian dictatorship state more because it made better economic sense. Actually, taxes are a very important measure but do not, of themselves, increase the volume of wealth, only distribute existing wealth. To the contrary, commodity relations are very equal economic relations. If we know how to utilize them well, they can encourage persons to limit their consumption or make every effort to produce a surplus product so that they can always put that portion of products saved by reducing their consumption or this surplus product on the market. Recently, in our country,



under the system of bureaucratic centralism and subsidization and with a system of prices called negotiated prices, the free market has played a similar significant role in stimulating the household economy.

On a higher level, commodity relations are developed on the basis of the results of the specialization of social labor, that is, the emergence of persons and units that specialize in the production of products for sale. Commodity production based on specialization is, from the standpoint of productivity, quality and efficiency, on a much higher level than natural production because these are measurements that are stimulated and checked by society.

Since 1981, production results achieved right here within our country have clearly proven the impact that commodity relations have. Industrial crop production has developed. Buffalo and cattle production has developed. The production of fruit, green vegetables and many other food products has developed. The production of many household goods has developed. These are the direct results of more open, more economically oriented policies and measures that reflect a very simple truth: anyone who produces wealth must be able to feed himself, must be able to both buy and sell products. Were these policies and measures based more on thoroughly dismantling bureaucratic centralism and subsidization and more actively making correct use of the relationships between goods and money, the national economy would surely have developed more strongly and fully. It is regrettable that our progress has only brought us half-way, as a result of which many economic potentials have not been turned into reality.

Understanding and dealing with commodity relations has long been one of the difficult problems facing persons who possess socialist ideals. The classical authors of scientific socialism initially did not foresee the existence of commodity relations within socialist society. This failure of foresight was truly difficult to avoid when capitalism was still developing strongly and capitalist commodity production had already clearly revealed its exceedingly harmful social consequences, especially when socialist society had yet to become a reality, yet to become the object of direct research. As for V.I. Lenin, after a few very short days and months of being completely unfamiliar with the issue of commodity relations and the new society, became very sensitive to it and immediately pointed out: in the future, we will use our gold to build public restrooms along the streets of some of the largest cities in the world but today we must save our gold and know how to trade.

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[Text] Commodity Relations--a Sign of Progress

In the nearly 70 years that have elapsed between the emergence of the first socialist state and the formation of the world socialist system that exists today, there have been many major debates, many reforms and adjustments, some of which have been too restrictive and some of which have been too expansive, all centering around this very complex issue of commodity relations. In the end, the international experience of socialism has led to the conclusion that commodity relations are not a remnant, are not something ugly or something to

be feared but are, instead, an economic structure of socialist society itself, a component of the flesh and blood of our society's life. Of course, the objective and nature of socialist commodity relations as well as the forms and methods by which they are implemented differ from the commodity relations that exist within capitalist society.

In our country, which lived a life of subsistence for many years in order to wage the wars of resistance against foreign aggression, social production, although it has changed, has not yet gone entirely beyond a state of small-scale production; therefore, here, more than anywhere else, commodity relations are absolutely not a step backward, but a true step forward. In view of the fact that, from the standpoint of society as a whole, we are not producing enough food to feed ourselves, the development of commodity relations is a sign of progress. We must use commodity relations as a strong force stimulating the development of production. We must use prices, wages and money--the categories of commodity relations--as factors of production itself. In our country today, anything that increases the output of products and gradually reduces the serious imbalance between production and consumption will help to make the entire national economy wholesome. We must completely dismantle the system of bureaucratic centralism and subsidization and actively utilize commodity relations in order to achieve this objective, with the immediate aim being to cross the necessary, minimum thresholds of grain, food product and consumer goods consumption.

This is a matter of major practical significance in our country. The stage of history in which we are living is the initial stage of the period of transition to socialism. The number one goal that we must endeavor to meet in this stage is to provide a minimum, stable standard of living on a society-wide scale.

Grain continues to be the leading product in meeting the minimum daily needs of our people. At present, starch accounts for as much as 83 percent of our diet. Although this is not rational, it is the reality of life. The major portion of wages is spent on meals and the major portion of meals consists of grain. Commodity grain as a percentage of total grain output has become an important norm of economic development in our country today. This figure is currently only 20 percent. This is a very low percentage. It is further evidence that our country's agriculture is still largely subsistent in nature, not to mention unable to assume the task of supplying grain to all of society and contributing to socialist industrialization.

Grain is having a decisive influence upon the development of industrial crops, the development of livestock production and the development of the trade sectors in the countryside, upon the redistribution of labor not only within agriculture, but throughout society and upon the need to provide more jobs.

The initial stage of the period of transition and the grain consumption threshold are the runway down which our people must travel in order to take off to socialist industrialization. Like a "thermometer," changes in the prices of grain reflect and lead changes in the prices of all goods. Now, more than ever before, developing the production of commodity grain and using commodity relations to stimulate the development of grain production have

become the key in bringing about important economic changes. In this spirit and in view of the conditions of our country in the initial stage of the period of transition, it is necessary to make the price of paddy the standard by which all commodity prices are set. This is an approach that has been drawn from and correctly reflects decades of practical experience on our part. It is not only based on experience, but is also totally consistent with laws--as they are, of course, uniquely applied to the conditions of Vietnam. Why? Because, in a situation in which manual labor is still universal, the expenditure of human labor per product accounts for the major portion of the total expenditure of human labor and past labor. It is human labor that creates national income and because labor productivity is low, the surplus product is still small. Most of the surplus product is being used to replenish the energy expended in labor and, of this amount, it is grain that is the determining factor in replenishing this energy in our country. Clearly, we absolutely must take into consideration the special circumstances of Vietnam under which commodity relations are occurring and upon which the law of value is having an impact.

#### The Law of Value--an Objective Economic Force

Each economic law is objective in nature and plays a role as a force stimulating the development of social production. Of course, each mode of production is more progressive and revolutionary than the one that preceded it and the economic laws of a current mode of production create a more beautiful system than the economic laws of the preceding mode of production.

The resolution of the 8th Plenum of the Party Central Committee sets forth guidelines and measures for resolving the problems of prices, wages and money on the basis of applying the economic laws to the specific circumstances of our country, with special emphasis upon using the law of value as an economic force.

Value is the overriding concept of a commodity economy. The law of value is the economic law of commodity production and trade. It demands that each person and each economic unit act on the basis of value in production, in trade and consumption. Moreover, this value is not just any value, but social value, that is, the value of the social labor that must be expended to produce or reproduce a commodity. The law of value also demands that commodities be traded, bought and sold on the basis of price parity.

If commodity relations are not improper, the law of value is not improper either. It is inaccurate to say that we should "use the positive aspects and limit the negative aspects of the law of value." Every economic law is of an objective nature, is a force in the development of the economy and contains nothing at all that is a defect or fault. Only in the actions of the persons applying a law is the distinction made between positive actions and negative actions. When persons apply the law of value to benefit themselves on the basis of harming the interests of society, their action is a negative one. Conversely, when persons apply the law of value to benefit themselves, benefit the collective, benefit the state and benefit all of society by, for example, practicing frugality, truly insuring product quality, raising labor

productivity and reducing production costs in order to earn many profits, their actions are positive.

If commodity relations are social relations of socialist society itself, the law of value is something of ours, of the new society, of the system of economic laws of socialism. The law of value has its impact within a close relationship with the law of planned and balanced economic development and, in particular, the fundamental economic law of socialism and has the purposes of strongly developing production and continuously improving the standard of living of the people on the basis of applying scientific achievements and technological advances and upholding the right of collective ownership of the working people.

Respecting and correctly applying the law of value can only be beneficial, are absolutely not detrimental and are, in addition, especially necessary in view of our country's economic conditions.

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[Text] It is even more necessary for us to use the law of value to stimulate commodity production and quickly go beyond the boundary of shortages, the boundary of not having enough to eat.

It should also be remembered that although commodity relations are born of the law of value, it is application of the law of value that causes commodity relations to exist in reality. To ignore, limit or violate the law of value is to limit and violate commodity relations.

The law of value has the effect of encouraging workers to practice frugality in production with the aim of achieving high economic efficiency. The more a person reduces his personal production costs compared to social production costs, the more he benefits. The law of value also encourages rational consumption. With a given amount of value in the form of money in his possession, a person will set priorities in consumption and only spend money on goods that are truly necessary, are fairly priced and of good quality, which, in turn, will certainly stimulate production. Prices and wages are categories closely associated with a commodity economy but if they are not based on value they have the effect of nullifying the above mentioned factors that stimulate production and rational consumption. It is in this way that they are causing harm under our country's current circumstances, circumstances in which supply and demand are very seriously imbalanced.

Money is the form that value takes. Prices are the expression of value in the form of money. The law of value has its impact through prices. We control prices in order to apply the law of value. The 8th Plenum of the Party Central Committee thoroughly criticized the practice of maintaining subsidized prices--the practice of selling at very low prices and buying at very low prices. Subsidized prices have distorted value, consequently, they have nullified the impact of the law of value as an economic force and impeded production. Of course, prices must not only be based on value. The resolution of the 8th Plenum also requires that prices be consistent with the purchasing power of the dong and take supply and demand into consideration.

These are delicate aspects of the law of value. Because, when we talk about the purchasing power of the dong, we are talking about the value of money itself and the rise and fall of prices in accordance with supply and demand are the mode of action of the law of value if we go beyond the value of an individual commodity and talk, instead, about value as it applies to an entire commodity sector. Actually, the purpose of prices rising and falling in accordance with supply and demand is to maintain balance within the national economy. If the prices set by the state are incorrect, society will adjust them on its own. Of course, once spontaneity becomes a factor, the consequences of spontaneity become a factor as well. Prices that have been correctly set in accordance with the requirements mentioned above, that is, set on the basis of dismantling bureaucratic centralism and subsidization, will certainly stimulate dynamism and responsiveness in order to achieve efficiency in business. Under the specific conditions of our country from the standpoint of labor productivity, the relationship between supply and demand and the purchasing power of the dong, it is necessary to vigilantly and quickly apply sliding prices. A static price system would be unsuited to the period of transition and even less suited to the initial stage of the period of transition in our country. Corresponding to these changes and prices, timely changes in wages must also be made.

Due to the special characteristics of Vietnam, comparisons are always being made to the value of paddy to set the ratio among prices. We use the price of paddy as the standard for calculating prices, first as the base for calculating the prices of commodities produced by domestic manual labor and then to establish the ratio among the prices of the different types of commodities in a manner consistent with our country's actual conditions.

We are living under the conditions of an economy that consists of many different segments, the existence of which is an objective reality during the period of transition, especially in the initial stage. The impact of the law of value is consciously controlled within the socialist segments of the economy but highly spontaneous within the non-socialist segments, even though this spontaneity is kept in check under the dictatorship of the proletariat. In such a case, dismantling bureaucratic centralism and subsidization from the standpoint of prices is one of the important breakthroughs that must be made in order to establish guidance of the national economy. We have been using prices while directly planning the state-operated segment of the economy, using prices to indirectly plan the collective segment of the economy and using prices to direct the private segment of the economy. The realities of the past 10 years have proven that, within a unified market during the period of transition, there is a very strong reciprocal impact between the prices of the "free" market and the prices set by the state. Supply and demand are still strained, still seriously imbalanced for many important commodities. If, under these circumstances, we implement a system that consists of many different types of prices and if, moreover, selling prices as well as procurement prices are very low, it will give rise to many negative phenomena and harm the interests of the socialist segment of the economy and the proletarian dictatorship state. The policy of prices mainly being planned and establishing a one price system--one procurement price and one selling price--for a given commodity, a price that applies to a region and is in effect for a

specific amount of time with close observation of prices on the "free" market, is an accurate policy.

Our country's economy is still in the process of changing from small-scale production to large-scale, socialist production. It is still in the period of joining together and forming the threads of economic ties. As a result, a certain amount of price setting authority has been given to the localities. In the field of prices, wages and money, more than in any other field, there is a critical need to implement the principle of democratic centralism. We have all the basis in practical experience needed to say that we must broaden the practice of democracy in order to achieve stronger discipline and, conversely, must achieve stronger discipline in order to broaden the practice of democracy.

#### An Amalgam of Relations

The market is the common link shared by all segments of the economy. The market is an amalgam of the relations through which commodities are realized, is the place where all of the tools, forms and measures through which commodities are realized, such as money, prices, wages, finances, banking, commerce and so forth, collide. These tools, forms and measures through which commodities are realized cannot be dealt with in a separate manner isolated from one another, rather, they must be dealt with in a well coordinated manner as must the market itself--the embodiment of the movement of all of these tools, forms and measures. It is an entity that cannot be divided or split.

We have made a mistake: when adjusting prices, we did not adjust wages accordingly, as a result of which wages have quickly fallen behind the times. Conversely, many rational wage costs are still not being included in production costs, as a result of which production costs do not correctly reflect the reality that because many changes have occurred in the value of money itself but prices and wages still have not moved, both prices and wages have become merely a matter of form.

Changes in prices, wages and money must coincide and be synchronized, must be worked out within a well coordinated plan based on dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices. Good changes can only occur in prices, wages and money when there are correct changes in financial, banking and commerce activities as well as the entire market. Changes in prices, wages and money must be made in order to make it possible to restore financial discipline and order. Conversely, the commerce sector must quickly move away from revenue, expenditure and allocation practices based on the system of bureaucratic centralism and subsidization in order for the changes in prices, wages and money to be effective. The same applies to the bank. It must truly bring about a bold shift in its operations to the operations of the business in money and fulfill the main function of stimulating production while also fulfilling the function of exercising inventory and control of production and consumption by means of money. Without correct and positive changes in prices and wages, it is impossible to control goods, control the flow of money, impossible to restore discipline and order in commerce, in particular, or in the market, in general. Conversely, commerce and the market must undergo

major changes. It is commerce activities that will suffer the strongest shock from the complete dismantling of the system of bureaucratic centralism and subsidization. It is a certainty that state-operated commerce and collective commerce will be reorganized, from their apparatus and personnel to their business operations, through the changes being made to the management system at this time. Private commerce must be transformed, restructured and utilized in a more skillful and thorough manner. The entire market must not only be a bustling, fluid market that reflects the economic mechanism of a commodity economy, but must also change in the direction of the objective trend toward socialism.

The resolution of the 8th Plenum of the Party Central Committee on prices, wages and money, a resolution which contains clear, scientifically based policy decisions, will certainly quickly become part of life and bring about new, rational and more beautiful changes in our country's economic picture.

[24 Jul 85, p 2]

[Text] Social Fairness

Every mode of production has its own mode of distribution, one that is consistent with the nature of production relations and the level of development of production forces. In primitive communist society, the means of production were under the common ownership of the commune, the level of production was very low, there was no surplus product and the members of society worked together and equally shared the products produced through their labor. When the private ownership of the means of production came into existence, the class that owned these means of production determined how the results of society's labor were distributed. In socialist society, the public ownership of the means of production determines the socialist nature of the mode of distribution. Here, the working people own the means of production, consequently, they control the production and distribution process. The principle of distribution in communist society is "from each according to his ability, to each according to his need." In socialist society, the principle of distribution is "from each according to his ability, to each according to his labor." Production is the base of distribution but distribution has a reciprocal impact upon production by stimulating or impeding the development of production, by affecting, either positively or adversely, social life and the morals of the worker.

The system of collective ownership is both the moving force behind and the goal of the socialist revolution, is the target of the daily actions of the working people. Collective ownership begins with controlling one's economic life. Owning the means of production, controlling production and controlling distribution are the basic prerequisites to achieving control in the other fields. The establishment of public ownership of the means of production represents an extremely important change. It abolishes oppression and exploitation forever and elevates the working people to the position of being the collective masters. But it is meaningless to talk about ownership if the worker does not have a job and does not truly participate in the process of producing and distributing products, beginning within the basic units of the economy.

Under the impact of new laws and new forces, the revolution has entered a new stage and thus demands a suitable management system and new policies. Our shortcomings have been our failure to change and keep pace with the new situation, the slowness with which we have recognized the fundamental change of the revolution from one stage to another and our failure to correctly apply the laws of the socialist economy.

Prices and wages cannot be determined on the basis of the subjective desires of man but must be set in accordance with the laws and principles that govern them. In material production, once all of the means of production have been brought under public ownership and private ownership of these means no longer exists, the results of the labor of each person must be distributed fairly and be correctly priced. This is a step in the gradual process of achieving social fairness. Uncle Ho said: "Do not fear shortages, only unfairness." Social fairness in the initial stage of the period of transition to socialism is distribution in accordance with labor in the form of prices and wages.

Denying the principle of distribution in accordance with labor, applying a system of distribution based on averages and using political motivation in place of looking after the legitimate material interests of the worker are practices that are alien to scientific socialism.

When our country was fighting the war of liberation and defending the fatherland against foreign aggression, our party and state appealed to everyone to endure hardships and reduce their needs and implemented a system of rationing based on the diet and averagism, a system in which real value was not taken into consideration, so that all efforts could be devoted to winning victory over the enemy. However, these were reluctant and temporary measures, measures which, if kept in effect until the revolution entered the new stage and applied to socialist economic activities, would have very harmful consequences upon our economic life and social life.

Averagism is a backward theory, a backward point of view. It was Karl Marx who said that averagism is reactionary because it nullifies every effort by the individual and destroys the sense of responsibility. Averagism impedes activism, violates the right of collective ownership of the worker and impedes the development of society.

If, within a cooperative, a factory or an agency, distribution is roughly the same for competent and incompetent persons, for diligent and lazy persons and if incompetent, lazy persons even earn a higher income than competent, diligent persons, who is being encouraged to do better, more efficient work? Words of motivation, regardless of how strong they might be, only provide temporary, not lasting, stimulus and do not generate a spirited revolutionary movement because, as we said, war is governed by the laws of war, the economy by the laws of the economy.

This explains why the "5 percent" plots of cooperative member families were producing 7 to 10 tons of rice per hectare or more some years ago but the fields of the cooperatives, of the collective were only yielding 3 to 4 tons per hectare. And when final product contracts with laborers were implemented, that is, when we took a step toward distribution in accordance with labor,



fields worked under contract produced yields no less than the yields recorded on the "5 percent" plots of farmers who worked diligently and applied technological advances. Gone was the sloppy, careless work performed just to earn workpoints from the cooperative and in its place emerged work of truly high quality, truly high yields.

To this very day, there is no economic system that distributes the entire social product equally among every working consumer. The desire for a system within which everyone has an equal amount of land and an equal standard of living is a desire that usually emerges among the poor who have no land to call their own and know nothing at all about advanced work tools and amongst the disciples of feudal-peasant socialism, of barracks-style socialism. The utopian experiments in such a system of averagingism that were conducted in one or two countries in the past ended in tragic failure. This is the harsh punishment suffered by those persons and countries that, instead of firmly adhering to economic laws, want to act on the basis of their subjective desires.

Averagism destroys the spirit of enthusiasm for work and production and encourages and induces laziness, irresponsibility, the habit of depending upon others, the thinking of relying upon others and living as a parasite upon society.

In view of the facts that our level of production is still low, social production does not meet minimum consumer needs and we must be prepared to deal with a war of aggression, the distribution policy during the initial stage of the period of transition in our country is exceedingly difficult and complex and is marked by many sharp contradictions. However, this situation instead of forcing us to maintain the war time system of distribution based on averagingism, makes it even more necessary that we carry out distribution in exact accordance with laws and principles, that we carry out distribution in accordance with labor in order to overcome the difficulties mentioned above, stimulate production, achieve social fairness and restore the social values and confidence of the worker.

If we maintain that we cannot improve the wage system because production has not developed and must continue to maintain the war time system of paying wages primarily in the form of products backed by ration stamps and coupons, which is a wage system that does not provide for the replenishment of the energy expended in labor, the ultimate outcome will be that the state budget will continue to be burdened with very large payments of compensation for losses and prices, wage earners will not be motivated and production will not yield large economic returns.

In recent years, the wages paid in our country, including the portion of wages paid in product, have increasingly become averaged wages. Allowances, subsidies, bonuses and "internal distribution" account for a very much larger portion of wages than the basic wage does, as a result of which workers have little concern for their job grade or for trying to improve their occupational skills. An irrational disparity in income exists among the various sectors and trades: income within the coal, electric power and building sectors is lower than in light industry, the food products industry, the services and

tourism. State products are supplied at very low prices, prices so low that these products are virtually given away, but the very large payments of compensation for losses made from the budget are not included as part of the wage fund, not included in production costs, as a result of which enterprise economic accounting is totally distorted. The product portion of wages is of very large value but is not paid in accordance with the results of the work performed by each person. Persons who are lazy, incompetent or dishonest sometimes receive much more than persons who are diligent, competent and honest.

The realities of those localities that have shifted from the payment of wages primarily in the form of subsidized products to the payment of wages entirely in money, even though this shift has not meant an increase in wages or a change in salary and wage scales, is that many simple laborers within a factory or agency are now earning an income in money that is higher than the income of the director of a factory or service and many engineers are earning less than an ordinary manual worker. This kind of distribution, which is not distribution in accordance with labor, causes the manual worker to have little concern for labor discipline and also results in workers who are not enthusiastic, not motivated, not devoted to their job. Such disparities also cause many negative phenomena and many kinds of waste, the largest of which is the waste of gray matter and adversely affect the right of the worker to decide how his income is spent, adversely affect the morale, the thinking and the morals of the worker.

Together with the system of supplying products on the basis of averages and at low prices, which essentially amounts to the distribution of products free of charge, the current wage system itself has been in effect for too many years without being adjusted, consequently, it is not only behind the times in terms of the percentage of wages paid in money, but itself is still heavily characterized by bureaucracy and subsidization as well. The law of distribution in accordance with labor is being seriously violated and wages are not tied to the productivity, quality or efficiency of production and work.

The crux of the problem mentioned above is the bureaucratic centralism and subsidization that exist in prices and wages. Therefore, the resolution of the 8th Plenum on prices, wages and money points out: dismantling the system of bureaucratic centralism and subsidization in prices and wages is the decisive breakthrough that must be made in order to shift entirely to economic accounting and socialist business practices based on planning.

The viewpoint and guideline of the resolution of the 8th Plenum concerning wages, a form of distribution, are clear and precise: real wages must truly insure that wage earners can live mainly on their wages, replenish the energy expended on the job and do so in a manner consistent with the capabilities of the national economy. Wages must be closely tied to productivity, quality and efficiency and distribution in accordance with labor must be implemented.

This viewpoint and thinking expressed within the resolution of the 8th Plenum represent the achievement of social fairness, the correct application of the economic laws of socialism, the upholding of the right of collective ownership

of the working people and a change of enormous revolutionary significance in our country's socio-economic management system.

[25 Jul 85, p 2]

[Text] Distribution in Accordance with Labor Under the Conditions of Our Country

Production is the primary, constant activity of man. At all places, at all times and in all situations man must engage in productive labor and distribute the means of existence. Once production exists, it is necessary to distribute material wealth. Therefore, material interests are a fact of life, are the concern of everyone who is living, especially workers exercising collective ownership. A person who works must be paid, paid much for much work, paid little for little work but nothing if no work is performed.

This truth is very plain. However, there are some appalling theories and schools of thinking which maintain that any talk of material interests is talk of capitalism, is small-minded, vulgar talk, that communists and revolutionaries should only talk about spirit, about will, about thinking determining everything. One of the important views expressed in the resolution of the 8th Plenum is that of respecting the right of ownership of the working people in both production and distribution and dismantling bureaucratic centralism and subsidization in prices and wages in order to shift entirely to economic accounting and socialist business practices based on planning, most importantly for the sake of the interests of the working people. Concern for the personal interests of the individual worker and distribution in accordance with labor do not promote individualism nor do they promote the mentality of private ownership, rather, they closely tie the interests of the individual worker to the interests of the collective and all of society. Lenin once said: "Within a country of small farmers, the first thing you must do is build small, sturdy bridges from capitalism to socialism, not by relying solely upon enthusiasm but, with the enthusiasm born of the great revolution, by appealing to the personal interests, the vital concerns of each individual, by implementing the principle of economic accounting."

Building and defending the socialist fatherland, making our country a country that is powerful in every respect and building a life of comfort and happiness, a civilized life for our people, these are the powerful forces that move us, these are our revolutionary ideals. But it is impossible to separate interests from ideals and call for a noble and magnanimous life. It is also impossible to arbitrarily determine, in the name of the dictatorship of the proletariat, the interests of one segment of society or another, thus violating the laws and principles of socialism. What is the force that stimulates production and economic activity? It is the interests of the worker exercising collective ownership. But these interests are not solely material interests, even though it is material interests that are the basic, most vital interests, that are life itself. Once public ownership of the means of production has been established, workers and farmers exercise collective ownership together, are the collective owners of the means of production and the collective masters of society, all must receive distribution in accordance with labor in the form of prices or in the form of

wages and the most important principle of socialist society, distribution in accordance with labor, must be implemented for all types of labor. It is regrettable that the system of bureaucratic centralism and subsidization in prices and wages has been violating this principle for decades. The guidelines and measures set forth in the resolution of the 8th Plenum are designed to correct the shortcomings of the old system and establish a new system, one that guarantees that the working people exercise collective ownership, improves production and distribution, gradually results in social fairness and creates a life which, although it is not immediately a life of prosperity and fullness, is a more comfortable life.

Distribution in accordance with labor is an economic law of socialism in our country because of objective economic and social conditions. The working people, the collective owners of the means of production, use these means to create material wealth for society. The attitude toward and quality of labor determine the position and income of the persons in society. The distribution of consumer goods must, of necessity, serve the interests of the worker exercising ownership and be based on the quantity and quality of work performed. In view of the fact that the social product under socialism is not large enough to permit distribution in accordance with needs, distribution in accordance with labor is thus an objective necessity. Moreover, in society, there are still very wide differences in the labor productivity and results of work of the different types of labor and the different sectors and trades. While some persons work diligently and produce much wealth for society, other persons are lazy or negligent, are parasites and some persons are even embezzlers and smugglers.

The failure to respect the principle of distribution in accordance with labor immediately causes much waste and many negative phenomena and workers no longer have control over how their wages and income are used. The payment of subsidized wages, the payment of "wages in the form of products" cause averagism to become more severe, sap the enthusiasm of the worker, do not encourage the development of talent and cause the state staff to steadily grow. Each time we have talked about reducing this staff, it has grown instead and the level of bureaucracy, as a result, has risen, because, subsidization and averagism cause bureaucracy and once bureaucracy exists, it is impossible to establish true economic accounting or true business practices.

Compared to the mode of distribution of capitalism and the societies that preceded it, distribution in accordance with labor is the most fair and rational method of distribution. However, the needs of the persons within socialist society are also diverse and very different. We cannot compel everyone to eat the same meal, to use the same item and not everything can be fairly shared by everyone. Compared to communism's principle of distribution in accordance with need, socialism's principle of distribution in accordance with labor does not represent perfect equality because the abilities, skills, level of political awareness and the health of workers together with their family circumstances vary very widely and the level of production and production forces are not highly developed nor are they creating an abundant source of wealth, consequently, it is not possible to achieve perfect equality in personal consumption, in the distribution of products. Demanding perfect

equality in consumption, in distribution during the initial stage of the period of transition is a utopian demand divorced from the realities of society.

The resolution of the 8th Plenum points out: distribution in accordance with labor must be implemented in a manner consistent with the capabilities of the national economy. Our country is still poor, the standard of living of the people is still low and the economic situation is unstable and seriously imbalanced in many respects. Although we have yet to overcome the aftereffects of the war, our people still must deal with the threat of aggression. Meanwhile, we must also tighten our belts and accumulate capital for socialist industrialization. These are the specific circumstances of our country, of our country's economy that we must examine when implementing the principle of distribution in accordance with labor.

The wage policy must thoroughly reflect the principle of distribution in accordance with labor, gradually do away with subsidization and gradually overcome averagism and the disparities that exist in order to stabilize and gradually improve the standard of living of manual workers, civil servants and the armed forces and restore order to wages and bonuses throughout the country.

Experience has shown that when wages do not enable the wage earner to replenish the energy expended in labor and are heavily subsidized and heavily characterized by averagism, wage earners everywhere must look for sources of income outside their wages, income much higher than their wages, to provide them with the balance of what they need and that the ultimate source of this income is goods and materials taken from the state, as a result of which confusion and disparities develop in the wage and bonus system among the sectors and localities.

Under the socialist system, there is not only distribution in accordance with labor in the form of wages, but also distribution through the various public welfare services to each and every member of society, such as education and public health services, cultural projects, housing, child care centers, public restaurants and so forth, with which we are always concerned. However, when production is still at a low level of development and public welfare is excessive and not consistent with economic conditions, the income of each worker declines and this, too, has a negative impact. We must determine the minimum wage of the worker on the basis of the production situation. Under our country's specific circumstances, the minimum wage must insure that the worker is supplied with at least 2,000 calories per day. This level is low because of current economic conditions and must be improved when the economy develops. With the aim of gradually eliminating averagism, the differentials among the different types of wages must gradually be further widened depending upon the development of financial sources. It is necessary to rescind the system of supplying products at prices that require compensation for losses and shift to a system of paying wages entirely in money. However, wages must be consistent with the skills, responsibility and contributions of the different types of manual workers and civil servants and must insure a rational relationship among the wages paid in the various sectors and trades, with more satisfactory remuneration being paid in sectors and trades that

involve strenuous, harmful work, in sectors and trades that require highly developed scientific and technical skills, in the public health, education, culture and art sectors and to the officers and specialized personnel of the army and public security force. In conjunction with a wage policy based on the principle of distribution in accordance with labor, appropriate allowances, bonuses and social aid also make important contributions to the effort to gradually overcome averagism and stabilize and gradually improve the standard of living of wage earners.

[26 Jul 85, pp 2, 4]

[Text] Improving the Activities of Socialist Commerce

The law of distribution in accordance with labor has an impact throughout the entire socialist economy. This law is implemented in the form of wages. While the resolution of the 8th Plenum sets forth positions, guidelines and policies for resolving the problems of prices, wages and money, it is essentially designed to improve the management system, to dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices. The realities of those places that recently shifted to the payment of wages entirely in money and to a single retail price for each commodity show that improvements in the price and wage systems inevitably lead to improvements in the entire economic management system, improvements in the operating systems of the commerce, finance, banking, planning and other sectors, improvements in the cadre organization and apparatus and improvements in the methods of economic leadership employed by the various party committee echelons and levels of administration.

As is the case with prices, wages are becoming one of the most critical problems that must be solved. The view and concept that some persons have concerning wages are, in some respects, incorrect. More than a few persons place wages in the category of distribution and circulation, considering them to only be a factor of consumption, a kind of social subsidy based heavily on averages and are willing to pay workers any amount whatsoever or willing to postpone payment of wages indefinitely. Due to these misconceptions, wages have not been fully included in production costs nor closely tied to productivity, quality and efficiency. Wages are only symbolic in nature because the worker does not live mainly on his wages, but mainly on outside income, income which, at some places, is several tens of times higher than their wages. The argument that we must wait for production to reach a high level of development, must wait for a full supply of goods and money to become available, must wait until we are managing the market very well in order to change the current irrational wage scale essentially separates wages from production and, as a result, has an immediate and adverse impact upon production.

We now recognize that wages are, above everything else, an aspect of production, are closely tied to each element of the production process and insure that the reproduction process takes place. Wages only become a factor of consumption after the worker has received payment for his necessary labor

in the form of money. There must be necessary labor before there can be surplus labor. If working does not provide a person with enough food to eat, even simple reproduction is an impossibility.

We place wages in the category of production, considering them to be not only an aspect of life, but, most importantly, an aspect of production. We consider wages to be an extremely important investment in human labor. Man is our most precious asset and labor is our largest potential. Distribution in accordance with labor in the form of wages has a strong impact upon production, provides workers with incentive, results in many more products for society and reduces the negative phenomena in socio-economic life.

We say: wages must rise at a slower rate than labor productivity. This is entirely correct under normal, stable socio-economic conditions. However, the current socio-economic conditions of our country are not normal or stable. Therefore, we have applied an argument of the founders of scientific socialism: the wages of the worker are the value of his labor measured in terms of the value of the means of existence necessary for him and his family.

The views and policies set forth in the resolution of the 8th Plenum regarding wages reflect the correct application of the economic laws of socialism under the conditions of our country and uphold the right of collective ownership of the worker in production and distribution. The real wage must truly insure that the wage earner can live primarily on his wages, can replenish the energy expended in work and do so in a manner consistent with the capabilities of the national economy. Wages must be closely tied to productivity, quality and efficiency. Distribution must be carried out in accordance with the principle of distribution in accordance with labor. Wages must be paid in money and backed by availability of goods on the organized market. The system of supplying products at low prices, prices that are divorced from the value of goods, must be abandoned. We must establish a uniform, nationwide wage system, one that takes into consideration the reasonable differences that exist among the various regions and sectors. Appropriate benefits must be paid in sectors and trades that involve strenuous, harmful work or high professional and technical requirements and in the education, public health, culture and art sectors.

A close relationship exists between prices and wages. In this relationship, prices are the matter of utmost importance. They have a strong impact upon wages and many other aspects of the national economy, are a truly effective lever in the distribution and redistribution of national income and constitute the key problem that must be correctly resolved first when implementing the resolution of the 8th Plenum. When raising prices to or close to the value of commodities and, on this basis, setting real wages at a level which insures that the energy expended in work is replenished, requires that a corresponding amount of money be in circulation. This is only natural and reasonable.

Therefore, urgent, flexible and thorough steps must be taken to establish balance between goods and money, not only with the aim of controlling prices and developing production, but also with the aim of guaranteeing the real wage of the worker. The largest and most important concern to wage earners is their real wage, is their ability to pay for the things they need in their

everyday lives. We will be implementing the resolution of the 8th Plenum amidst circumstances that afford us a number of basic advantages. However, we must also recognize that very many difficulties and complex problems still exist, one of which is the fact that the current level of production is still low.

Doing our very best to implement the state plan and accelerate production, with efforts focused on such vital products as grain and food, coal, electricity, cement and a number of consumer and export goods, is the weighty task of our party and people, is an important prerequisite to implementing the resolution of the 8th Plenum. The various levels and sectors have been actively working for the past several months to strengthen the state's control of goods. Significant progress has truly been made in this field. However, of the total quantity of products and goods produced by society, the state does not control much: only about 40 percent of market weight hogs; about 70 percent of poultry, fruit, subsidiary food products, subsidiary forest and native products...; about 40 percent of the small industry and handicraft goods produced from materials obtained by producers themselves; and about 30 percent of the goods produced by state-operated enterprises outside their plans.

The realities of those localities that have shifted to the payment of wages entirely in money and established a single retail price for each commodity eloquently prove that the above mentioned goods cannot be controlled merely by means of administrative measures or by "closing a river to traffic and prohibiting a market from being held," rather, they must be controlled by means of correct procurement methods. Methods of procurement that are correct enable us to control goods and correct methods of selling goods make money available so that we can procure goods correctly and control the market. If we adopt a correct procurement price policy and employ correct procurement methods, we can certainly control practically the entire output of commodity grain. As regards pork, which is sometimes scarce at many state stores, experience has also shown that the problem is not that farmers do not want to sell pork to the state, but that they require a satisfactory procurement price, one that covers all production costs and provides the producer with a profit, one that satisfies both the interests of the farmer and the interests of the state. They also require methods of procurement that are convenient. When procurement prices and procurement methods are correct and are closely combined with managing the market and managing prices, we can control many goods and, on this basis, control much money. This is a simple truth.

Even in the effort to control money, many localities have recently recorded experiences that reflect a very creative and intelligent approach: having gained control over goods and money, they have quickly turned their money over or taken many steps to reduce the volume of cash being put into circulation. At one place, they have begun paying their cadres, manual workers and civil servants on different days and use the revenues generated from the sale of grain on one day to pay compensation for prices in wages the next day, thereby quickly turning over their money and, as a result, reducing by one-half the amount of money that they initially projected would have to be put into circulation.



Cadres, party members and the people are concerned that with the implementation of the resolution of the 8th Plenum on prices and wages, wages will be reformed but real wages will subsequently not be maintained, or that prices on the market will continue to rise and real wages will decline. This concern is legitimate and well founded. It is a matter to which special importance must be attached. It is a matter with which all sectors and levels are very concerned, a matter which they are looking for every possible way to deal with in the most correct manner possible under the light of the resolution of the 8th Plenum and on the basis of the experience gained over many years.

Only by strongly developing socialist commerce, actively transforming agriculture and private industry and commerce and strengthening the management of the market and the management of prices is it possible to lay a solid foundation for guaranteeing real wages. The worker, after receiving his wages, wages distributed in accordance with labor, must be insured by socialist commerce and the socialist service sectors that he is truly in control of his wages by enabling him to satisfy his daily needs in a manner consistent with the wages paid to him by society and do so on the basis of prices that he can afford. Otherwise, it is meaningless to talk about distribution in accordance with labor and about the worker being in control of how his wages are spent.

Socialist commerce has a major responsibility and an important role in helping to maintain the real wages of the worker and successfully implement the resolution of the 8th Plenum. To operate under the new management system, socialist commerce, both state-operated commerce and the marketing cooperatives, must undergo strong, rapid, and extraordinary growth in every area, from their material-technical bases to their organization, apparatus and corps of cadres. They must adopt the new economic thinking, adopt new points of view, adopt new business methods. They must buy correctly and sell correctly, do business in a highly productive and efficient manner and take determined steps to dismantle bureaucratic centralism and subsidization, eliminate all conservative thinking and inertia and rid themselves of their overbearing attitude, the attitude that they are doing consumers a favor and of all other improper practices. In socialist commerce, there is a very close relationship between providing service and doing business. Providing service is the objective of socialist commerce, doing business is the means by which this objective is achieved. These two factors are not contradictory. It is impossible to provide good service if good business practices are not employed. The purpose of economic accounting and good business practices is to provide better service. Socialist commerce must keep abreast of life, must keep abreast of the life of the worker and have a detailed knowledge of the needs, attitudes, tastes and habits of the consumer.

Life is always raising new problems. In practically all of those localities that have begun to pay wages entirely in money and have established a single retail price for each commodity, a situation has developed in which state-operated commerce has put many goods on sale but these goods are not selling well, including essential products. In some provinces and municipalities, compared to sales prior to the adoption of the new system and to initial projections, only one-fourth as much rice and pork, not to mention many other

products, is being sold. As a result, cash revenue plans are not being fully implemented. Preliminary evidence shows some of the causes of this situation. For example, when the system of subsidized ration stamps and coupons was dismantled, workers gained control over how their income is spent, over how their needs are satisfied. Their consumption of products is better planned. They buy only what they need. However, another cause of no less importance is that the products being offered by state-operated commerce are of poor quality, are not suited to tastes and are not being conveniently sold. If state grain stores sell rice that is of poor quality, rice that contains many grains of sand and much mold, at a time when the free market is selling higher quality rice at the same or slightly higher prices, no one can force consumers to shop at state rice stores. If, next to a state food store that sells pork that is not good tasting or fresh, a store that does not take the preferences of its customers into consideration, there is a counter of a cooperative or private merchant that sells better tasting, fresher pork and allows customers to select what they want, this counter will attract and draw many customers, even though its prices are higher. The consequences of this situation are that state-operated commerce does not take in sufficient money to quickly turn over its business capital, does not control the market or prices and the real wages of the worker decline to some extent.

The new management system, the law of supply and demand, the market and life demand that the entire socialist commerce sector change its method of operation and become more dynamic, more sensitive, more intelligent, more civilized and courteous in order to control the market and help to maintain the real wages of the worker.

This will truly be an exceedingly arduous, difficult and complex struggle for the socialist commerce sector. However, regardless of how difficult it might be, socialist commerce must also implement the resolution of the 8th Plenum, thoroughly adopt the new system, undergo strong growth and properly carry out both tasks of providing service and doing business.

[29 Jul 85, pp 2, 4]

[Text] Spiritual Forces and Material Interests

Throughout the past 40 years, in the glorious struggles and brilliant victories that we have waged and won against colonialism, imperialism, expansionism and their wars of aggression, our people, under the leadership of the party, have endured sacrifices and hardships, moved forward with a spirit of enthusiasm and recorded impressive feats of arms and achievements. What have been the moving forces behind this robust revolutionary spirit, this noble spirit of sacrifice? They have been the spirit of collective ownership, patriotism, love of socialism and the desire to liberate the nation, liberate society, liberate the people of Vietnam from all oppression and exploitation. The survival of the nation has been closely tied to the interests of each person, of each family.

Neither the resolution of the 8th Plenum on prices, wages and money nor our discussion of the distribution of material wealth within society mean that our party should abandon the use of spiritual motivation. Our party attaches

importance to spiritual motivation, viewing it as a great material strength. However, placing sole emphasis upon spiritual motivation and pursuing the course of voluntarism, that is, the course of idealism, is detrimental to the revolutionary cause of the masses. Spiritual forces and economic interests are closely linked and form one large strength of society, of our people.

When we entered the period of building socialist society, many of us were slow to see what the force that motivates us in this new fight is. The system of collective ownership is both the moving force behind and the goal of the socialist revolution, the goal of the daily actions of tens of millions of persons. The socialist revolution is a revolution that stems from and serves the interests of the masses. Looking after the vital material interests of the masses, supporting the worker and looking after the economic interests of the worker are the obligations of the party and socialist state. They must uphold the right of collective ownership of the masses, most importantly in the field of the economy, in production and in distribution. Bureaucratic centralism is most commonly imposed in an arbitrary manner upon the entire management system and within economic activities in the form of specific practices.

The essence of the resolution of the 8th Plenum is to dismantle the system of bureaucratic centralism and subsidization and shift to a new system based on economic accounting and socialist business practices, thereby guaranteeing the economic interests of the worker and strengthening the moving force behind the socialist revolution. The policies on prices and wages set forth in the resolution of the 8th Plenum are designed to establish a new management system that is consistent with the economic laws of socialism and, on this basis, satisfy the economic interests of the worker, of the basic unit, the collective and the state, of the locality and the entire country, of all classes and strata. Economic interests are a fundamental motivating force, are the tool that closely ties the worker to his work, to the collective and are the factor that permit the worker to immediately become the master, beginning with existing labor, arable land, sectors, trades and equipment.

The resolution of the 8th Plenum, which represents the continued concretization of the resolutions of the 6th and 7th Plenums, sets forth extremely important conclusions, positions and policies on improving the economic system and combining the various economic interests in a well balanced manner. A correct view toward and a correct understanding of economic interests and the application of these interests as a motivating force in the development of the economy and the establishment of the new management system, as reflected in the resolution of the 8th Plenum, are matters of extremely important significance.

Socialist construction is essentially an undertaking of an economic nature. Although the military task in our country today is still very large, the purpose of this task is to defend the socialist fatherland. Building the economy has emerged as the task of foremost importance in the revolutionary undertaking of our people. And, in the end, military and political victories won at this time are also closely tied to economic achievements, military and political strength are closely tied to economic strength. Our main political task at this time is to build and develop the economy and successfully achieve

the socio-economic goals set in the resolution of the 5th Party Congress, thereby helping to carry out the two strategic tasks of building and defending the socialist fatherland. Our party absolutely must focus its leadership on that field which is of decisive significance in the victory of the new social system.

In its leadership of economic construction, the party of the working class must win victory through organization and management, not simply through persuasion, education and the remolding of thinking. Here [words omitted due to photocopying error] of the party in the new stage of the revolution. This is the greatest challenge faced by a new style state, a state that has the function of managing the economy and society. V.I. Lenin pointed out: "The highest ideals are not worth a kopek if we do not know how to closely combine these ideals with the interests of the very persons who are participating in the economic struggle" and "we adopt new methods of working, and not rely solely upon persuasion. It is not enough to simply say to peasants and workers: be more disciplined. It is necessary for us to help them. We must reward those persons who have endured countless tragedies but continue to display the spirit of bravery in their work... It is not difficult to understand that the state must not only attach importance to persuasion, but must also reward good workers by providing them with better living conditions. One does not have to be a socialist to understand this."

Both theory and practice help us to gain a deep understanding of this issue of economic interests, an issue of breadth, depth and major importance in life. Despite serious natural disasters, heavy enemy attacks and a decline in the availability of supplies and raw materials, production has still developed and the economy has begun to improve. Agricultural production, from livestock production and the production of industrial crops to grain production, has made marked strides, most notable in the area of grain production. Industrial production, beginning with small industry, the handicraft trades and local industry, has undergone rather strong development. Positive changes have been occurring in capital construction and communications-transportation. The value of exports has been steadily rising. Deserving of attention is the fact that although the number of these changes is still small, is not enough to bring about a fundamental change in the state of the economy, the significance of these changes is truly enormous. They have helped to show us ways to advance our country's economy, ways that include using economic interests as a fundamental motivating force and establishing a new management system for the national economy, one that replaces the system of bureaucratic centralism and subsidization, a system that has thwarted the display of dynamism in production and business.

In fact, whereas it was the noble ideal that "there is nothing more precious than independence and freedom" that inspired our entire nation to arise and sacrifice lives to resist foreign aggression in years past, today, now that the strategy of the socialist revolution has assumed foremost importance, besides this noble ideal, the conditions exist for economic interests to resume their role as the fundamental motivating force, as the internal force stimulating the development of social production. When revolutionaries criticize capitalism and propose the overthrow of the capitalist system and the replacement of capitalism by socialism, their first concern is the issue

of production relations. However, as F. Engels said: "The economic relations of a given society are expressed first in the form of interests." It is direct production relations that give rise to economic laws but they exist and move in reality as a result of the movement of economic laws and then, in turn, economic laws have a reciprocal impact through man, that is, through economic interests. Production relations, economic laws and economic interests are the different rungs on the ladder of expression of the same thing. On this ladder, economic interests are specific production relations, are a specific economic law. This is especially true with regard to the broad masses. To them, economic interests are production relations, are an economic law that they can easily feel, easily understand. Economic interests are an objective economic category. However, they have the characteristic of being expressed as subjective causes of action, as a motivating force in the actions of man and, therefore, become a very powerful force. Once importance is attached to economic interests and they have a precise impact, they will generate on the part of the worker interest in his activities and give rise to a revolutionary movement. Such a party line would not only be important in and of itself, but would also truly permeate the masses, permeate life and truly produce real results.

[30 Jul 85, p 2]

[Text] Combining the Various Economic Interests in a Well Balanced Manner

The multi-segmented economy in our country has caused the relationships that exist regarding interests to become very diverse and very complex. Economic interests are the form of expression of production relations. However, there are as many different types of economic interests as there are segments of the economy. The socialist segment plays the dominant role; therefore, the interests of all society assume the form of the interests of the proletarian dictatorship state and permeate all segments. Small-scale commodity production encompasses the private interests of small-scale commodity producers and the interests of the state. The private, capitalist segment encompasses the private interests of the bourgeoisie, the interests of the workers they hire and the interests of the state. The joint public-private segments encompass the interests of the state, the interests of the bourgeoisie, the personal interests of the worker and the collective interests of the enterprise. The state-operated and collective segments encompass the interests of the state, the collective interests of the basic economic units and the personal interests of the worker, which we commonly call the three interests. This is the set of interests that is of a socialist nature and is the most complex of all the different sets of economic interests. These three interests are basically in balance but are still marked by certain objective contradictions when the socialist socialization of production has not been fully achieved, especially in the initial stage of the period of transition. There is also a new type of socialist economic interests that has recently emerged, namely, the relationship between national interests and local interests. The various segments of the economy have a reciprocal impact upon one another, which means that their corresponding economic laws have a reciprocal impact upon one another and that all types of economic interests have an impact upon one another as well. The economic interests that are socialist in nature are not wholly socialist and private interests are not

what they were under the system of private ownership. In this situation, the introduction of transitional, intermediary economic forms is very necessary. Establishing a management system characterized by economic accounting and socialist business practices based on planning is part of the art of organizing and leading the economy in the initial stage.

Transitional economic forms are essentially forms of ties among the various economic segments and economic interests that force the old to no longer exist as it once did and to exist within the framework of being guided by the new and that places the new in the dominant role. They are forms through which new things slowly come into existence and old things are used, curbed and gradually eliminated. In other words, they are a form of "peaceful" struggle waged by combining economic interests in order to gradually develop the socialist attributes and limit the capitalist features of the nationalist economy.

Combining economic interests demands a new and dynamic management system that fully complies with laws, demands the adoption of policies, measures and forms that are exceedingly detailed and specific, the more detailed and specific, the more that they insure that these interests are satisfied to the full degree necessary, the better, because economic interests embody social relations and are material in nature and because economic interests have become the field in which persons are the most sensitive. Economic interests are the form of expression of production relations; therefore, they exist in all elements of the production and reproduction process, even though they are most vividly and directly expressed in the field of distribution and circulation. The combining of economic interests must be worked out in a detailed and specific manner, one which insures that these interests are satisfied to the full degree necessary, in every area from planning, prices, wages and tax schedules to finances, credit, commerce, the market, etc. Just one small fault, just one little thing that shows that these interests are not being combined is enough to give rise to negative phenomena. Economic interests are the common mechanism by which all economic laws have an impact. Therefore, correctly and accurately balancing economic interests in the full scope of their specific detail and within a management system based on economic accounting and socialist business practices is part of knowing and applying economic laws. We cannot allow our knowledge of laws to stop at the level of the abstract. More importantly, we must know these laws from the standpoint of their specific forms of expression in space and time, from the standpoint of how they apply to our country's circumstances, our traditions and the initial stage of the period of transition, to each locality, sector and trade. This is truly not easy to do. Because, on the one hand, we must know these universal laws and, on the other hand, must have a thorough knowledge of these things within which these universal laws are having an impact. V.I. Lenin said: "Organization and management are not natural endowments. In the period of transition, especially during its initial stage, the working class cannot avoid groping about, cannot avoid experimenting with and selecting different approaches in order to see, recognize and familiarize itself with the things around it. And, we might have to pay a tuition fee to learn new lessons when the revolution enters the new stage and socialist construction on a nationwide scale becomes the revolutionary strategy of foremost importance."

The resolution of the 8th Plenum, which sets forth a new management system in order to dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices, a system within which economic interests are well balanced, reflects a new flexibility, a new practical point of view, a respect for the various levels of ownership. The new policies on wages, grain and agricultural product procurement prices and retail prices that are in keeping with the spirit of the resolution of the 8th Plenum attach importance to the interests of the worker under the current conditions of our country. While dismantling the bureaucracy and subsidization in prices, the resolution of the 8th Plenum correctly applies economic laws and balances the various interests. It shows the need for a more rational division of functions and responsibilities within the price management system and maintains the centralism and unity of the central level in setting the prices of primary materials and goods of a national nature while allowing the localities and basic units to take the initiative and display flexibility with regard to materials and goods of a local nature. The new system helps to establish the financial independence of the economic-technical sectors, the localities and the basic units. In each of their production and business activities that are shifted to the system of economic accounting and socialist business practices, the sectors, localities and basic units must assume responsibility for their profits or losses, consequently, they must operate in a more dynamic fashion but their economic interests must also be satisfied in a more correct and deserving manner.

The system of management based on economic accounting and socialist business practices confirms one fact: the working people exercise their right of ownership in production and distribution for no other purpose than to serve their own interests. The new management system upholds the right of collective ownership of the working people and implements the fundamental economic law of socialism: satisfying the rising material and cultural needs of all of society as well as each of its members by constantly developing production on the basis of collective ownership and an increasingly developed system of science and technology.

The new management system combines the various interests in a well balanced manner but is ultimately designed to serve the interests of the working people. The various types of interests combined together are the forces that motivate workers to produce and work better and motivate the various levels, sectors and basic units to display greater dynamism in their operations, achieve high productivity, quality and efficiency and bring about the strong and steady development of the economy.

In economic management, combining the various interests in a well balanced manner demands the dismantling of bureaucratic centralism and subsidization, demands that we stop giving light attention to the interests of the individual worker, of the basic units and localities. However, correctly looking after the interests of the locality, the basic unit and the individual worker also means that the interests of the entire country must be served. To satisfy the interests of the entire country is to satisfy the interests of the locality, of the basic unit and the individual worker.

[31 Jul 85, p 2]

[Text] The Manual Worker and the Farmer Exercising Ownership Together

The resolution of the 8th Plenum sets forth solutions to the problems of prices, wages and money for no other purposes than to stimulate the development of production, stimulate increases in labor productivity, product quality and economic efficiency, encourage every worker to produce an increasingly large amount of wealth for society and meet the needs of production itself, the needs of life, the needs of the security and national defense systems. The resolution of the 8th Plenum is also designed to improve and strengthen our economic management and control of the market so that the state regains the initiative and establishes itself as having the right to inspect and direct the flow of the vast majority of the goods and money in circulation, thereby laying the basis for accelerating socialist transformation, balancing the budget and the flow of cash and gradually carrying out capital formation from within the national economy. The essence of the resolution of the 8th Plenum is the issue of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices. However, the essence of economic accounting, production cost accounting and socialist business practices is prices. We have seen very many cases in which because of problems with prices, factories have not had an adequate supply of raw materials, supplies and spare parts and have had to cease production or cut their production in half, in which many localities have missed the most favorable opportunity for procuring grain, agricultural products and consumer goods and in which the state has incurred losses at a time when private merchants are earning a profit, sometimes a large profit.

Under the price policy characterized by bureaucratic centralism and subsidization, production and business cannot be carried out normally and the socialist economy, that is, both the state-operated and collective segments of the economy, are impeded and develop more slowly than the private sector. The spirit of the resolution of the 8th Plenum concerning the matter of prices is to correctly apply the economic laws of socialism to the specific circumstances of our country, closely tie the price policy to the realities of production and life and create a flexible price system, one that is consistent with reality and provides for the various economic interests within society. The price policy supports the formation of the party's economic structure and is truly a highly effective lever in the distribution and redistribution of national income on the basis of the principle of distribution in accordance with labor and on the basis of upholding the right of collective ownership of the working people. The standard for determining whether a price system is correct is the results it produces. These results are: production developing in accordance with the plan, the standard of living of the working people being stabilized and gradually improved and the state controlling money and goods, controlling the market and controlling prices.

Among the various types of prices, agricultural product procurement prices occupy an especially important position. They affect the relationship between manual workers and farmers, affect the effort to combine the different economic interests and affect the implementation of the party's agricultural



development line and the formation of the industrial-agricultural structure. Agricultural product procurement prices are an exceedingly complex and serious matter, one that cannot be given light attention or resolved in any manner that suits convenience.

Once the public ownership of the means of production has been established, equality exists between manual workers and farmers, both are the collective owners of the means of production and both receive distribution in accordance with labor in the form of prices and wages. A portion of the product of agriculture is a contribution made by industry and a portion of the product of industry is a contribution made by agriculture. The working class has the task of leading farmers down the path of collective production and helping them to rid themselves of the thinking of private ownership. Today, manual workers and farmers exercise ownership together. This is something very new. When dealing with the issue of prices, the system of management based on bureaucratic centralism and subsidization generally discriminates against farmers and violates the right of collective ownership of working farmers. As things stand now, procurement prices are low, too low to even cover production costs, in addition to which they must frequently "add more products" and "list prices" and, in many cases, the so called negotiated prices are prices that farmers are forced to accept and are viewed as a "second obligation."

We are moving forward on the basis of agriculture. Without a correct price policy, without insuring that production costs are compensated for and farmers can produce at a profit, we cannot motivate them to develop each and every potential that lies in labor, arable land and the sectors and trades, cannot bring them to producing with peace of mind and enthusiasm. When an agricultural product procurement price is set incorrectly because of the fear that "farmers will gain and workers will lose a great deal," the ultimate result is that both workers and farmers lose and the cause of socialist construction is impeded. Of course, the setting of agricultural product procurement prices must be closely tied to the transformation of agriculture and private industry and commerce, to the management of the market and prices, otherwise we will correct one disparity only to create another. The working class expresses its spirit of responsibility toward farmers directly and to a large degree through the agricultural product procurement price policy. Our farmers are very patriotic and very revolutionary. However, if their legitimate economic interests are not provided for and respected, their desire to work will decline.

The old management system also discriminates against and violates the interests of the handicraftsmen within small industry and the handicraft trades in the policies on contracting prices, product procurement prices and supply and raw material prices. Handicraft cooperatives and state-operated enterprises are two different economic organizations but the production of the handicraft cooperatives is production of a collective nature based on collectively owned means of production... It can be said that both manual workers and handicraftsmen are owners but the measurement of their value and contribution are the same: producing as much material wealth as possible for society with high productivity, quality and efficiency.

We say that "the revolution is a festival of the masses." The laboring masses, who are the collective masters, must truly control the economy, from production to distribution, through price and wage systems that dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices.

We attach importance to providing for the economic interests of the worker with the aim of stimulating the desire to work and intensifying the movement to build socialism. However, in normal life, the worker not only has material needs, but spiritual, ethical and cultural needs as well, needs that must be met to create a life that is harmonious and balanced. In the initial stage of the period of transition, when certain contradictions still exist among economic interests, economic policies have not been perfected and there are still cracks in the economic management system, economic measures and policies must be closely tied to administrative and educational measures. Our country's circumstances today require that we stabilize the standard of living while accumulating capital for socialist industrialization and meeting the needs involved in strengthening the security and national defense systems. In economic management and in the improvement of the present management system, closely combining economic, administrative and educational measures, with importance attached to economic measures, is of utmost importance and is necessary in order to successfully achieve the socio-economic goals set by the 5th Congress of the Party.

[1 Aug 85, p 2]

[Text] For many years, one of the most critical areas in the improvement of our country's economic management, an area that continues to pose difficult problems and the area in which change has been the slowest is the use of the economic levers of prices, finances, the circulation of money and wages. The 8th Plenum of the 5th Party Central Committee pointed out: at present, dismantling bureaucratic centralism and subsidization in prices and wages is an extremely urgent requirement, is the decisive breakthrough that must be made to shift the entire economy to economic accounting and socialist business practices based on planning, strongly uphold the right of collective ownership of the working people and vigorously tap the initiative and creativity of all levels and sectors, of all basic production and business units throughout the country.

Everyone realizes that improving the use of economic levers is not only important, but is also an exceedingly difficult and complex matter from the standpoint of theory, policies and practice. Regarding this matter, there have been and continue to be many different opinions and there are many questions that must be debated. Moreover, many approaches must still be tried on a pilot project basis, be researched, and this opens up the possibility of running into difficulties and having things go awry. However, special attention must also be given to the fact that, even in this field, many major resolutions of the party, particularly the resolution of the 8th Plenum, have presented and defined points of view that, from the standpoint of theory and policy, serve as a compass. Moreover, many new factors that have emerged in the economic realities of our country in recent years have provided us with much valuable experience and shown us ways to make rational use of the various

economic levers within a management system based on planning, ways that are consistent with the viewpoints and policies of the party. Therefore, to implement the resolution of the 8th Plenum on prices, wages and money, very much importance must be attached to analyzing and reviewing practical experience, especially as it pertains to the studies made and the creative steps taken by units, sectors and levels with the aim of dismantling bureaucratic centralism and subsidization and shifting to economic accounting and socialist business practices.

Our country is still poor, the people are still encountering many difficulties in their daily lives and the position of our country's revolution urgently demands that our economy develop more strongly. We have large potentials for making rapid progress: the existing economic potential of all segments of the economy and all levels; the potentials that lie in natural resources; scientific and technological potentials and the potential for development through international cooperation and exports-imports. Our greatest potential lies in working people who have a rather high cultural standard and include a corps of scientific-technical cadres, skilled workers and competent, experienced leadership and management cadres on all levels. We also have a strong organizational potential. It lies in the proletarian dictatorship system, which has been built and challenged on every level, from the basic level to the national level. Generally speaking, we possess large and rare potentials from the standpoint of labor and cadres, especially at basic units, within the localities and in the production and business sectors.

Chiefly as a result of these potentials, we have been able to conduct creative and dynamic practical activities on a widespread basis on the basic, district and federation (corporation) levels, on the provincial and municipal levels and within the economic-technical sectors. From the realities of our country there have emerged very many new factors and experiences in management and planning. It can be said that practice has shown that we have the ability to find solutions to the majority of the difficult problems we currently face concerning the standard of living, the accumulation of capital for investments, the market, prices, finances, money, etc. The 8th Plenum of the Party Central Committee made the following assessment: ...some localities and basic units have boldly taken new approaches with a view toward removing obstacles, stimulating the development of production, intensifying procurements to control goods, partially improve the national financial system and resolve a number of urgent problems regarding prices and wages.

It is regrettable that certain specific policies and management regulations have posed obstacles. These specific policies and management regulations are not consistent with major policies and are divorced from the practical innovations of the various levels and the masses. As a result, an unnecessary situation exists: if the basic units, sectors and localities fully comply with these specific policies and management regulations, their hands are tied and neither major policies nor our socio-economic strategy can be implemented. If they display dynamism, they violate these regulations. Practically every new factor, every locality and basic unit that operates in a manner that yields economic returns and has the support of public opinion is in violation of regulations. It can be said that practice, especially the practice of the new factors, has helped to develop many major policies. However, specific

policies and management regulations basically remain within the framework of the old system. The realities of production and business show that the final and most entrenched stronghold of the system of bureaucratic centralism and subsidization is the specific policies and management regulations concerning prices, finances, the circulation of money and goods, wages and living conditions, with prices being the area of key importance. The price management system based on the principle of excessive centralism in the establishment of prices and the maintenance of stable prices and on the functional sectors taking the place of commodity producers has had negative consequences. It is a system that is incapable of implementing or setting prices in a correct or timely manner. It is incapable of maintaining stable prices. As a result, we have, in practice, had no option but to follow the trend of prices on the domestic and international markets by suddenly raising prices across the board in one round after another after having suffered heavy losses, that is, after it has become impossible for us to endure the old price levels any longer.

The consequences of this price system are that it has impeded production and business, distorted measurements and, as a result, had an adverse impact upon all economic and financial tools related to the categories of value and prices.

The price management system has placed each socialist commodity producer in a situation in which procurement and sales are stagnant, are very difficult and slow and result in losses. Stagnation in procurements and sales, which cause stagnation in production, is the result of having to wait for prices to be set, having to wait for negotiated prices to be approved. When selling prices are set too low and products are virtually given away, wealth is squandered. When procurements amount to collections, persons must be pressured into selling and it is frequently necessary to misuse the prestige of the party or a mass organization to exert this pressure. Because prices are cheap and generate very large payments of compensation for losses, persons who have the authority to spend and allocate become increasingly overbearing. High prices, on the other hand, result in stagnation in production and business within the state-operated economy, in goods that cannot be marketed and yield ground to private merchants charging approximately the same high prices while the state has no choice but to incur losses as a procurer but cannot sell what it procures. Now, while implementing the price policy developed in the spirit of the resolution of the 8th Plenum, we must avoid repeating old mistakes.

The price management system based on bureaucratic centralism and subsidization also distorts measurements, as a result of which production costs, profit and loss, depreciation, wages and efficiency cannot be accurately determined. Economic data does not reflect the essence of things. A management system in which measurements are inaccurate cannot set targets, cannot audit, evaluate or regulate. The price management system of excessive centralism based on the functional sectors and the maintenance of stable prices has caused all economic and financial tools to become unsuitable and lose their effectiveness to such an extent that prices have lost their effectiveness as well. Financial revenue and expenditure targets and targets on the circulation of money that are formulated on the basis of such irrational and rigid prices cannot be consistent with reality. Therefore, the development of a situation

in which production and business units must "climb over the fences" of price regulations, financial regulations and regulations on the circulation of money has virtually been unavoidable. As a result, the order inherent in laws and regulations has been violated. In actuality, although there are laws that apply to this field, there are no laws that are in effect. The truth is that there are no laws which encourage initiative and creativity in business, but largely only laws that impede and constrain.

Our party emphasizes that planning is the center of the management system. However, as facts have clearly shown, under the system of bureaucracy and subsidization, the effectiveness of planning declines. The "allocations and deliveries" system clearly reflects the bureaucratic and subsidized nature of plans. When plans amount to nothing more than a one-way "allocation" of materials and capital and a demand that localities and basic units "deliver" products but do not entail the use of such economic levers as correct prices and wages, there is no basis for demanding that localities and basic units utilize materials and capital in an efficient manner in order to establish correct relationships between the responsibilities and authority of the various planning levels and their obligations and interests. Plans that are bureaucratic, unrealistic, inconsistent with life and subsidized as well become plans that are accepted under pressure, become plans that are imposed, become orders and easily become nothing more than a matter of form. Under the system of bureaucratic centralism and subsidization, the plan is merely a tool used by the lower level to demand that the upper level allocate more capital, materials and wage funds, the more the better. There is no need to calculate efficiency, consequently, the consumption of materials has steadily risen. Economic work, above everything else, requires the application of economic measures. In order for plans to truly be effective, we must apply the various economic leverage policies in a well coordinated and skillful manner. To resolve the problems of prices, wages and money in the spirit of the resolution of the 8th Plenum, we must address these problems from within the new management system, the center of which is planning.

[2 Aug 85, p 2]

[Text] Work in the Field of Prices, Wages and Money Must Be Closely Tied to the New Management System, the Center of Which Is Planning

Some of the basic characteristics of the bureaucratic centralism and subsidization within the use of the economic tools of management can be summarized from two perspectives: organizational-administrative relations and economic relations. In terms of organizational-administrative relations, these basic characteristics are excessive centralism (too detailed) coupled with management that is provided through many different echelons of the functional sectors, thus making this system, like an orchestra that has many conductors, inherently decentralized. In terms of economic relations, these basic characteristics are relations that are based on deliveries, procurements and allocations and an aversion to trade relations based on economic accounting, that is, the performance of economic work in business in the same way that work is performed within the administrative sector or virtually the same way as work is performed within the army's rear service sector. The consequences of this system are very bad. First, it erodes the strength of

planned, unified organization and management based on the principle of democratic centralism and on collective ownership. Secondly, it weakens and nullifies the forces that move the economy and even has the opposite effects of encouraging reliance and dependence upon other, encouraging laziness and causes hard working persons to suffer losses. Thirdly, it impedes efforts to achieve the goals of stabilizing and improving the standard of living and developing production. Bureaucratic centralism and subsidization are a system that does not employ planning as its primary tool, consequently, it is unable to direct efforts toward a common goal, rather, every price function, finance function and function in the circulation of money has its own goal. Functional goals are given priority over common, ultimate goals. In other words, management sinks into separate functions and the veneration of regulations. It loses a common sense of direction toward ultimate goals and goes off in pursuit of intermediary goals.

On the other hand, the functional economic-financial sectors come upon difficult times, have no options to pursue, thus making the state powerless in the face of the situation, and, as a result, let things drift and allow the situation to develop in a spontaneous manner. To restore the effectiveness of management, restore the effectiveness of these functional activities, we must take a new approach, must adopt a new system, a new strategy. The new system that is enacted in these areas of work must, from the perspective of viewpoints and principles, be consistent with the viewpoints and principles elaborated by the congresses and plenums of the Party Central Committee concerning the new management system: taking a new direction, dismantling the old and outdated system and establishing a new system that is consistent with this new period in our history; exercising collective ownership and practicing democratic centralism; using the plan as the tool of central importance and thoroughly implementing the principle of economic accounting and socialist business practices.

According to party resolutions, the highest standard for determining whether these specific policies are correct or incorrect is whether or not they stimulate the development of production, improve the standard of living of the masses, strengthen the new production relations and give impetus to the production relations revolution, in general. Another important standard is whether or not they provide for economic interests to be combined and balanced in accordance with the views of socialism. These two standards, of course, assume that the plan is being used as a tool to tie together, coordinate and apply levers with the aim of achieving common socio-economic goals and insuring that interests are combined and balanced. The plans of the localities, units and sectors must be tools that tie together, give direction to and coordinate the use of each economic lever. The views on giving them control over their plans, on using the four different sources of materials and goods to balance plans, on thoroughly implementing the principle of economic accounting and socialist business practices in planning require, of course, that they also be given corresponding authority to use economic levers. Otherwise, giving them control over their plans and practicing economic accounting are meaningless. The use of the various economic levers mainly through the system of functional sectors, which has long been and continues to be our practice, in a desire to maintain the highest possible degree of centralism and uniformity, has, in actuality, made us powerless and forced us

to accede to spontaneity. This is because every functional sector has given priority to its own functional goals and their separate regulations contradict and nullify one another, thus obstructing production and business. This has limited or taken away from the economic organizations--the sectors, localities and basic units--the authority and weapons that are theirs, as those who carry out planned commodity production and trade, in trade relations, in general, especially in the struggle to seize control of the market. As a result, an unnecessary situation has developed: all new factors must, of "necessity," "climb over the fences of regulations" because this is the only way that they can achieve independence and self-reliance in production, achieve efficiency in business and control the market as required by the major resolutions and policies of the party.

The use of the economic levers through individual and separate functional agencies is a characteristic of the system of bureaucratic centralism and subsidization, is the area in which we have been the slowest to eliminate this system. In principle, we must raise the issue of improving the use of the various economic levers and approach this issue as part of the improvement of the economic management system, in general, the focal point of which is improving planning in accordance with the views set forth in the resolution of the 5th Party Congress. Because planning is the center, is the main tool of the new management system, we must closely tie the planning system to this new management system before we can clearly define how prices, finances, the circulation of money, commodities, wages and the standard of living will be managed.

The essence of the resolution of the 8th Plenum is to dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices based on planning. However, we realize that this shift to the new management system is not the ultimate objective of the party's resolution, but only a first step in ushering in a new period of economic activity.

Our ultimate goals are to plan the entire socio-economic system; control all wealth, labor, land and other natural resources; make good use of each material-technical base and all production capacity; produce an increasingly large amount of wealth for society; meeting the large and varied needs of all of society better with each passing day; and stabilizing and improving the standard of living of the people, of each family, each child and each worker.

The center of the effort to resolve the problems of prices, wages and money on the basis of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices must be the plan if we are to keep the new management system socialist in nature. Otherwise, management is only guild-style management and subject to the impact of spontaneous trends. However, a plan that is not closely tied to work in the field of prices, wages and money, not closely tied to economic accounting and socialist business practices is nothing more than a product of bureaucratic management and is divorced from life.

Planning is the product of the public ownership of the means of production, is the special, basic attribute of the socialist economy. The distribution

policy in the initial stage of the period of transition is based on the principle of firmly maintaining the main balances between consumption by the individual worker and the worker's family and the formation of capital for socialist industrialization and expanded reproduction and between this personal consumption and public welfare throughout society and the national economy. In view of our country's circumstances, circumstances in which defending the socialist fatherland is an exceedingly important strategic task and will continue to be so for many years, our people must continue to set aside an important portion of their product output, which is still small, is not sufficient to meet the essential needs of everyday life, to be used to strengthen the security and national defense systems. Thus, we have only one pie, a pie that is not very large, but must cut it into many pieces in an appropriate manner in accordance with a balanced proportional relationship, that is, in accordance with the plan.

Planned and balanced development of the national economy is an objective necessity, is the economic law of socialism. The foundations of the planned economy are public ownership of the means of production and the socialist distribution system. The mechanism of socialist collective ownership is "the party leads, the people exercise ownership and the state manages." Within this mechanism, the state has the primary functions of organizing and managing the economy, production and business and managing the culture and socialist construction. The state is both an administrative-economic management apparatus and a production-business apparatus that controls the entire economy on behalf of the working people. The state regulates each production and business activity in accordance with a plan and a unified system of law.

The planned economy possesses the great strength of being centralized under unified management on the scale of the entire national economy in accordance with the line of the party and a set of unified guidelines, the aim of which is to achieve the goals set forth in the resolution of the party congress.

Our country is in the initial stage of the period of transition and the economy consists of many different segments. If we know how to utilize these segments, we can develop each of the country's potentials in order to build socialism and improve the standard of living of the people. Under thinking that is simplistic and rigid, thinking that reflects a desire to immediately take control of all production and distribution within society by means of administrative orders, a desire to abolish everything and not permit anyone to work outside a state-operated enterprise or a cooperative, socio-economic activities go awry.

Although small-scale production still predominates within our country's economy and socialist production relations are not widespread throughout the country, we must still act on the basis of the right of collective ownership of the working people, develop the role of the socialist state, always firmly maintain the use of plans, considering the plan to be the center of the economic management system, and use the plan to stimulate the development of production, meet the consumer needs of all of society, strengthen the national defense and security systems and carry out industrialization.



In the spirit of the resolution of the 8th Plenum, resolving the problems of prices and wages by dismantling bureaucratic centralism and subsidization, insuring that the various planning levels are truly in control of their plans and shifting entirely to economic accounting and socialist business practices does not mean allowing prices and wages to float or giving light attention to planning. To the contrary, it demands that planning be boldly shifted away from solely material resource planning to material resource planning combined with value, from subsidized planning to planning that fully reflects economic accounting and the widespread use of commodity-money relations and market relations in planning.

[5 Aug 85, p 2]

[Text] Improving the Price, Wage and Money Management System Within the New Management System, the Center of Which Is Planning

The planning system, which is the center of the new management system has, from the standpoint of principles, been rather clearly defined in many resolutions of the party. The problem we have yet to solve is how to bring the use of all economic levers within this system in order to achieve well coordinated planning and set a common direction toward socio-economic goals. Below are some arguments in the nature of principles that apply to this system, arguments that also provide a starting point for working out ways to control prices, wages and money.

First, the management of prices, finances, the circulation of goods and money, wages and the standard of living should be well coordinated and placed within the unified, planned management system, the central tool of which is the plan, in order to set a direction for bringing each of these areas of work together to provide well coordinated support of efforts to achieve ultimate goals. Many resolutions of the party, specifically the resolutions of the recent 6th, 7th and 8th Plenums of the Party Central Committee, have confirmed this goal-oriented approach and the view concerning well coordinated plans in these areas of work.

We must stop managing prices, finances and the circulation of goods and money in an extremely independent manner through the functional sectors, that is, outside the plan, and even above production and business plans, thus impeding production and business from the time that plans are being formulated and balanced. Specifically, prices must support the program of the plan, support the objectives of the plan. Under this principle, the production and business plans of every level must include plans on prices, finances, money, wages and the standard of living. Steps must be taken to correct a situation that is very wrong: in our strategy, our number one goal is to stabilize and gradually improve the standard of living; however, the plans of the various levels usually do not include a plan concerning the standard of living even though the wage problem has yet to be resolved in a fundamental way. It must be pointed out that, compared to the other economic levers, wages and the standard of living are not only tools, but also, most importantly, one of our basic goals.

In keeping with this view, the implementation of the resolution of the 8th Plenum of the 5th Party Central Committee on prices, wages and money must be placed within the framework of formulating and managing the production and business plans of the various levels. If we deal with prices, wages and money as separate functions, we will immediately go back to the old approach, an approach which has been proven by the practical experience of decades to violate the planned, balanced, unified and well coordinated nature of economic management. By so doing, we would fail to create better conditions for the basic units, sectors and localities to shift to economic accounting and socialist business practices and would continue to create major difficulties and obstacles for them.

Secondly, we must implement collective ownership, establish a division of management responsibilities and coordinate the management of prices, finances, the circulation of money and goods, wages and the standard of living with the assignment of management and planning responsibilities. Any level that balances, determines and is in charge of plans must have responsibility and authority in the management of the various aspects of economic and financial work. Otherwise, the assignment of management responsibilities and the three levels formulating plans on the basis of the four different sources of materials and goods will be meaningless, will not encompass all that is necessary, otherwise independence in business and true economic accounting will not exist.

Within the context of unified management, every level must formulate a comprehensive plan and have comprehensive responsibility and authority with regard to its unit, locality and field. The upper level directs, inspects, regulates, corrects and insures unity by approving and guiding the implementation of well coordinated production and business plans. We must abandon the practices of commanding instead of managing, of assigning tasks, of approving plans and inspecting their implementation in a decentralized fashion through many different echelons. Thus, the implementation of the resolution of the 8th Plenum of the Party Central Committee on prices, wages and money raises, of necessity, the matter of centralizing the guidance of the formulation and the management of the implementation of the plans of the basic units, the economic-technical sectors and the localities, which include dealing with the problems of prices, wages and money, in order to develop independence and dynamism while insuring a unity of efforts in those directions that are of basic importance.

Thirdly, there must be consistent implementation of the principle of contract relations in the balancing, establishment and management of the implementation of plans, which include well coordinated and specific efforts regarding the problems of prices, finances and the circulation of goods and money. In other words, prices and each economic-financial relationship must be established within specific and lawful plan-contract relations, that is, must be lawfully pledged and planned negotiated prices based on contract relations.

Planned prices under the system of all three levels using the four different sources of supplies and goods to balance plans must, of necessity, be prices that are set under the specific terms of contracts in joint businesses, economic ties and supply-marketing relations of the parties involved in

production and business plans and the specific balances. If primary product norms, the most important norms, must be balanced on the basis of contract commitments, it is even more necessary that prices be placed within these lawful plan-contract relations. These are negotiated prices backed by commitments that are set on the basis of principles that are, at the same time, very practical in nature. And, depending upon the situation, they can be stable, uniform prices or unregulated (no price scale) prices, as has been stated in many resolutions of the party.

Thus, the problem is the need for a price management system at a time when prices are still diverse and still changing. In a country in which the level of socialization of production is still very low, communications and transportation are still underdeveloped and so forth, such as our country, setting one or a number of uniform and stable prices throughout the country for one specific product does not make economic sense. This is nothing more than the price management approach taken under the subsidized supply system, which requires sufficient finances and sources of materials and goods to subsidize needs and pay compensation for losses.

The new price system based on the spirit of the resolution of the 8th Plenum insures that the initiative of producers and businessmen is tapped; at the same time, it heightens the legal nature of, it introduces a higher degree of the order of law in price relations. Such a price system thwarts spontaneity and convenience and creates the ability for the upper level to provide stronger guidance, direction, inspection and correction. It must be stated at the outset, however, that such a price management system does not immediately lead to a system of prices that are close to value and are stable and uniform. In practical terms, no such ability exists. Under the new price management system, a process will occur in which prices on the market change in the direction of gradually being brought by the state administration on the various levels and the state-operated organizations within the sphere of planned regulation. This method of price management, which is transitional in nature, the transition being from spontaneity to conscious planning, is an approach that conforms with laws, is practical, is superior to the current system. With such a price management system, spontaneous competition is replaced by the struggle of the socialist economy to seize control of the market and by emulation within the planned economy. We should not understand the resolution of the 8th Plenum of the Party Central Committee on prices as only being a matter of raising prices nor should it be understood as a matter of raising prices all at once in order to eliminate subsidization. The adjustment of prices must insure the implementation of the principles set forth in the resolution: prices must be set in a manner consistent with value and the real purchasing power of the dong; prices must be set on the basis of the plan being the center of the economic management system, on the basis of economic accounting and socialist business practices while effectively applying the law of value and the law of supply and demand; the price of paddy must be the standard by which the other types of prices and the entire price scale are determined; price management must entail a rational division of functions and responsibilities; and price adjustments, from the economic

standpoint, must insure that production is stimulated, that the standard of living is maintained and that the state-operated economy becomes wholesome and gradually adapts in the process of the strong shift to business practices and does not fall into a more difficult and stalemated situation.

[6 Aug 85, p 2]

[Text] Fourthly, finances and the circulation of money and goods must also be managed in accordance with the principle of being well coordinated within the plan and also well coordinated with how prices are set. In place of managing all businessmen in the same way, businessmen must be given responsibility and control and be guaranteed independence. It is necessary to establish the financial and product obligations of the various levels in a relatively fair and rational manner, a manner closely tied to responsibilities and interests. This is the most basic aspect of contracting, of collective ownership based on a division of responsibilities and of democracy within the economy. Instead of one level, or what virtually amounts to a level, controlling goods and money and then carrying out subsidized distribution throughout the country, we must implement, in accordance with the views of the party, a division of responsibilities for the development of production and the standard of living in accordance with the principles of economic accounting, contracts and business practices. On the basis of improving the management of prices and wages, we must gradually dismantle the system of sweeping payments of compensation for losses and shift to a policy of businesses absorbing losses and making investments through their own finances and encouraging and soliciting investments by private individuals in businesses. We are highly capable of applying such a business finance policy in such sectors as agriculture, including forestry and the marine products sector, in small industry and the handicraft trades, that is, in the local economy, in general, and in the food product industry, light industry, commerce, the services, etc. These sectors not only have the ability to make their own investments in the expansion of production, but can and must fulfill obligations to the central level as well. In this way, the central level can focus on preparing and building the heavy industrial sectors, which are the basic, long-range foundation of socialism and are sectors that require much capital, reclaim capital slowly and need special financial assistance from the state very much. At present, capital is what we lack the most, both domestic capital and capital in the form of foreign currency. At the same time, what we are wasting the most is also capital and national assets, of which publicly owned assets in capital, as a result of the policy of deliveries, allocations and subsidization, have been and are being seriously wasted and squandered. In the field of production and business, it is only by shifting to a business finance policy that we can carry out the task of accumulating capital and making effective investments better with each passing day.

It is necessary to strongly shift the bank to the business in money as an equal with business organizations. We must adopt flexible policies concerning the raising of capital and the circulation of money but cannot hastily eliminate the direct credit relations that exist in joint businesses and economic ties, which, under the old management system, are still called "commercial credit." This must be carried out as a process of shifting the bank from subsidization, conservatism and authoritarianism to the business in

money. It will pose very many difficulties to businessmen and local state agencies if, in credit relations and the raising of capital, they are constrained by a bank system that has not been shifted to business practices. The gradual adoption of business practices by the bank, direct and prompt credit relations and a rational system for raising capital will certainly help to increase the formation of capital for investments and gradually give us control over the circulation of money. Maintaining a rigid system will cause us to encounter major difficulties with money and impede efforts to improve management.

Fifthly, there must be more practical and comprehensive plans for resolving the problems of wages and the standard of living. The wage plans that have been adopted to date have continued to place heavy emphasis on dealing with this problem in a direct, centralized manner from the central level in a "desire to force reality, which is very diverse and changing, into a few molds." For this reason, we have yet to develop a plan and have put off doing so for a long time. At the same time, we have, in practical terms, been forced to accept the existence of spontaneity in efforts to resolve the problems of wages and the standard of living. The approach to these plans must be changed. To begin with, it is necessary to have a plan for the production-business sector that deals with these problems on the basis of the following viewpoint: wages and the standard of living must be included within the production and business plan for the various levels. On this basis, we must establish unified guidance based on a division of responsibilities, establish unity within diversity (through specific plans), with the central level, the local level, the basic unit and the masses concerning themselves with these problems and exercising ownership together. Specifically, the central and upper levels must, in their guidance of the formulation and implementation of plans, set forth guidelines and set general controls concerning the standard of living (minimum, maximum, the fields to be given priority, etc.). The production and business organizations and the various management levels must formulate wage and standard of living plans as part of their comprehensive plan and must, in these plans, find capabilities and measures for stabilizing and improving the standard of living in accordance with guidelines and within the framework permitted. These plans must include every source of income, from wages, bonuses, the subsidiary economy, the services... The upper levels must regulate and correct problems with these plans as they do with every other plan. The Trade Union and the other mass organizations must play their ownership role. This will provide us with a countless number of specific plans and open very many sources, sources which are currently being used to suit convenience, being used in a spontaneous manner, as a result of which many disparities have developed that bring complaints from both persons who are experiencing difficulties and persons who are well-to-do and prosperous. The first step that must be taken is to rescind the system of supplying products at prices for which losses are compensated and shift to the payment of wages in money, readjust the minimum wage to serve as the basis for a uniform basic wage system throughout the country, restructure wage and salary scales, allowances, bonuses, etc. However, we must realize that many objective limitations still stand in the way of resolving the problem of the standard of living by relying basically upon wages. Consequently, we must take an approach that is suitable. This approach, as set forth in the resolution of the 8th Plenum, is essentially to

gradually bring the current diverse but spontaneous handling of wages into the sphere of planned management and uniform regulation. This approach will lay the groundwork for promoting emulation in the development of production and looking after the standard of living in a correct manner in accordance with the viewpoints of exercising collective ownership, practicing economic accounting and combining the various interests in a well balanced manner without bureaucracy and subsidization. Thus, the production and business bloc can resolve the wage problem in a more orderly fashion and, on this basis, strongly stimulate production, bring about more rational distribution and generate increased revenues for the budget. This will provide an even better capability for resolving the problem of the standard of living of the armed forces and persons within the administrative sector. For these two sectors, separate plans must be adopted. Once virtually completed, these plans must be incorporated within the comprehensive plan, must reflect unity based on a division of responsibilities and unity within diversity.

In practice, the above approach to the problem of prices, wages and money has been taken, to some extent, by many basic units and levels. Now, it is only necessary to do more to organize, lead and plan this approach on a nationwide scale. Thus, the implementation of the resolution of the 8th Plenum is in the nature of summarizing these new factors and widely multiplying their numbers. It can be said that developing plans to deal with the problems of prices, wages and money on the basis of summarizing the experience of new factors is a methodology.

Can such an approach, in practical terms, gradually give us control over the processes of distribution and circulation and result in better planned, unified management or will it result in letting things drift and float? In other words, do such plans and impacts as those described above essentially amount to granting broad independence to the production and business units, sectors and management levels and will they exclude and impede unified leadership and management by the party and state? Our country, our party and state have spent more than a small amount of time, energy and money on pilot projects to find answers to the above problems. Now, the realities of the operations of many efficient production-business units, sectors and management levels that have participated in the pilot projects of the party and state and are now viewed as new factors answer these questions.

The enterprises, federations, corporations and sectors and localities that are operating in a dynamic manner with broad independence show that it is possible to gradually bring the production and the market of each product sector, each locality within the sphere of planned management. With business independence, these organizations have begun to extend themselves into the market. They have learned to adapt to, but not be drawn into the spontaneity of, the market. Instead, they conduct their operations as a planned entity, that is, as an entity with a strategy, an entity that has planned and restructured the production and distribution-circulation of the locality and sector, thereby extending its control to all segments. These organizations have not tried to keep pace with the spontaneous prices of the market but only acclimated themselves to these prices to a certain degree in order to create real forces, seize control, be the ones who control prices and gradually bring prices in their fields within the sphere of planning. These organizations do not slip

goods onto the free market or isolate themselves from this market, rather, they have gradually become entities that control materials and goods in order to control distribution in accordance with the plan and policies. These organizations do not operate at a loss, do not live with the support of the budget and are not constantly operating at a deficit, rather, they have become organizations that bring in large profits for the budget, organizations that take the price differential for themselves and generate cash revenues, that is, organizations that have won the right to redistribute national income through distribution-circulation, through the market, through profitable trade for the sake of the national economy and the welfare of the people. In particular, the dynamic state-operated units are not inferior, but superior to the collective and private economies from the standpoints of productivity, efficiency and real forces, consequently, they have truly assumed the dominant role while guiding, utilizing and establishing economic ties with the other segments of the economy and, in this way, transforming them.

However, it is very clear that in dynamic business and trade activities, especially in the first step just taken, there arise, along with positive factors, which are the factors of primary importance, many negative phenomena, abuses and violations of principle. These negative phenomena cannot be entirely avoided. Of importance is the need for us to constantly be vigilant, to prevent and eliminate them by taking every measure available to the proletarian dictatorship and the system of collective ownership.

Using the specific methods and forms of planning to resolve the problems of prices, wages and money in keeping with the spirit and policy of the resolution of the 8th Plenum, namely, closely tying the plan, economic accounting and socialist business practices together, is a guideline that demands the improvement of our management and planning system in a manner consistent with the initial stage of the period of transition in our country. This guideline, in the immediate future as well as over the long range, is clear: determined steps must be taken to dismantle bureaucratic centralism and subsidization and shift entirely to economic accounting and socialist business practices.

[7 Aug 85, p 2]

[Text] The Effectiveness of the Unified, Centralized Management Apparatus

A political line that is correct must be supported by a correct organization. A management system that is correct must be supported by a correct management apparatus and by cadres who are competent and possess good personal qualities. Over a period of many years, we have recorded many significant economic achievements and also made much progress in economic management. The restrictive system of centralized management came into existence under war time circumstances with an organization and apparatus that were suited to it. A management system that is truly consistent with the laws of economic development, with economic accounting and socialist business practices must have a suitable organization and apparatus which insure that the right of collective ownership of the working people is upheld and that the initiative and creativity of the sectors, levels and basic units are tapped with the aim of achieving high economic returns. This organization and apparatus must have

clearly defined functions and tasks, a rational division of labor and echelons, clearly defined responsibilities, and good relations and coordination between one component and another so that each person and each unit within this apparatus becomes dynamic and skilled.

The resolution of the 8th Plenum, which brings to light all of the shortcomings and deficiencies in economic management based on bureaucracy and subsidization, helps us to gain an understanding of the situation as it exists so that we can deal with it in a correct manner, can prepare ourselves to enter a new period of socio-economic management, of management that is more orderly, more in compliance with laws and will produce many more positive results. This major change in direction in economic management strategy demands strong changes of a revolutionary nature in organization, apparatus and cadres. We must have an organization, apparatus and cadres that are suited to the new management system in order for the resolution of the 8th Plenum to be implemented well and in order for the new system to truly become a part of life.

This is an issue that was raised at the 4th and 5th Congresses of the Party and has been raised in many resolutions of the Political Bureau and the resolutions of the recent plenums of the Party Central Committee. However, although we have made many efforts in this direction, progress is still slow. Practice has also provided us with much new experience regarding this issue, too.

One major problem we face at this time is how, while increasing the independence and dynamism of the units, sectors and localities, to insure the necessary effectiveness of unified, centralized management and regulation. Will spontaneity and convenience rise as we dismantle bureaucratic centralism and subsidization and increase the independence and dynamism of the levels, sectors and basic units? Such will not be the case. It must be pointed out that disorganization, spontaneity and sneaky, illegal ways of earning a living are negative phenomena inherent to the system of bureaucratic centralism and subsidization, a system which is "centralized" in form, but ineffective and lax in substance.

From the standpoint of subjective causes existing within economic management, spontaneity and the lack of organization in economic activities are due, in part, to shortcomings of the lower and basic levels; however, to a more important degree, they are the result of the unified, centralized management of the upper levels not keeping pace with new requirements. Under present conditions, now that it is an essential need for us to boldly assign management responsibilities, it is also essential that we improve and raise the quality of the unified, centralized management provided by the upper levels in the areas of strategy, planning, plans and policies, the building of the organization and the assignment of cadres as well as the areas of guiding, directing and inspecting. Only on this basis can we improve economic management in a way that is guided, is directed and inspected, can we curb and eliminate the phenomena of spontaneity and gradually create a unified and dynamic economic order. Socialist economic management theory holds that socialist economic management is centralized management. The dominant element within this management system is not the basic level, but the national



economic level. The ability to improve or slowness in the improvement of management on the basic and lower levels and the national economic efficiency of social production in the final analysis depend, to a large degree, upon the quality of management on the national economic level. At the same time, this is the newest and most complex level of management and cannot, of course, become experienced overnight. Of importance at this time is the need, together with appropriately tapping the initiative and creativity of the lower levels and the basic units, to attach importance to improving and raising the quality of management on the upper levels, especially the national economic level.

Bureaucratic centralism must be eliminated as part of the work of the management agencies on the upper levels so that the entire economic management apparatus is effective. Separate functional agencies that exercise fragmentary control weaken the main lines of leadership, violate the independence of the lower levels and the basic units and cause many contradictions and conflicts. On the other hand, when we have taken steps to overcome the method of command characterized by bureaucratic centralism, loose control has resulted because the direct line of command system has not been sufficiently effective and because the staff functional agencies have experienced much confusion in conducting research and reviews with the aim of improving the forms and methods of management as well as in directing and inspecting the lower levels. Therefore, efforts to improve and raise the level of unified, centralized management have been and are being directed toward the following several matters of basic importance:

First, continuing to eliminate the method of command characterized by bureaucratic centralism, the essence of which is command decentralized in many different echelons and functions, and implementing the principle of unified command by direct line and strongly improving the ability of the main lines of leadership. At the same time, the staff functional agencies must improve the quality of their research, guidance and inspections.

Secondly, shifting from heavy reliance upon pure and direct administrative orders to the comprehensive use of all three types of methods, economic, administrative and educational, among which the most important elements are conducting good planning and making good use of the various economic levers. Facts have increasingly shown that the effectiveness of unified, centralized management depends primarily upon the extent of knowledge and utilization of the economic methods and economic tools of management, depend most immediately upon dismantling the system of bureaucratic centralism and subsidization, a system that nullifies the effectiveness of each economic tool of management.

The economic management organization and apparatus must be consistent with the requirements of the structure and system of economic management. We cannot simply set up whatever apparatus we choose and not take into consideration the requirements of the organization of economic activity and the economic management system.

The management apparatus, from the central to the basic levels, from the various levels of the administration to those agencies that directly manage production and business, must have a full understanding of the line and

positions of the party, correctly apply economic laws in a manner consistent with reality and life, be sensitive to the new, quickly detect and support innovations by the masses and promptly correct mistakes and deviations in socio-economic life.

Within the system of bureaucracy and subsidization, the responsibility and authority, the function and task of each organization and each individual as well as of the levels and sectors are, for the most part, not clearly defined. Therefore, a situation in which organizations and individuals as well as levels and sectors take over one another's work, replace one another and walk over one another, in which both centralization and decentralization in many different echelons exist and in which efforts are counter-productive frequently occurs and the management apparatus grows and grows but is not very effective.

It is even more necessary that the organization, apparatus and activities of the finance, banking, planning, home trade, foreign trade, grain, supply and other sectors and the people's committees on the local level quickly be reorganized and strengthened, be closely coordinated with and supplement one another like the parts of a unified whole under the centralized guidance of the Council of Ministers. This is one of the important prerequisites to insuring the effectiveness of the management apparatus and helping to implement the new management system set forth in the resolution of the 8th Plenum.

[8 Aug 85, p 2]

[Text] Cadre Work, the Element of Decisive Significance

Dismantling bureaucratic centralism and subsidization and shifting to the new management system based on economic accounting and socialist business practices is an extremely difficult and complex undertaking, one which demands a strong change in cadre work. This is work of a decisive significance in the success of the new system. In the final analysis, the implementation of the resolution of the 8th Plenum depends upon the quality of cadre work.

This resolution points out: all levels and sectors, from the central level to the basic units, must, on the basis of the spirit of the resolution, redefine the functions, tasks, organization, apparatus and cadre structure of the various agencies; take determined steps to restructure and reorganize those organizations and apparatus that are irrational, eliminate unnecessary, intermediary organizations that pose an obstacle to socialist production and business activities and reduce the size of the staff of the state apparatus; revise cadre training programs and plans, especially those that apply to leadership cadres and economic management cadres; and transfer and assign cadres in a way that insures that the policies on reforming prices and wages and implementing the new management system are implemented well.

Our party was successful in training and deploying a corps of key cadres who possessed unquestioned loyalty to the revolution and met the requirements of the national, democratic revolution. Over the past 10 years, as the revolution has changed, our cadres, in the face of very many difficulties and

hardships and very many new things in economic management, have quickly improved their ability, made sacrifices, struggled, and been activists, thereby contributing to the country's significant socio-economic achievements. These are indications of the experience and the fine revolutionary character of our cadres. In particular, the praise given to the many new factors and new models that have emerged in economic management over the past several years within many levels, sectors and basic units by the 8th Plenum of the Party Central Committee proves that many cadres, from the central to the local level, in the South as well as the North, from the mountains to the lowlands, have been displaying dynamism and creativity in economic management. Many party committee echelons and levels of administration, having made new changes in their leadership and management of the economy, have truly delved deeply into the problems of commerce, finance, banking, prices, the management of the market and the management of enterprises. In the course of its growth, the corps of cadres has ejected degenerate and deviant elements, gained much new experience and begun to change its economic thinking and its approach to economic management.

The change in direction to the new management system based on economic accounting and socialist business practices demands that we quickly train, select and assign cadres in accordance with the requirements of the new system. Each cadre holds a specific job position within the economic leadership and management organization and apparatus. The competency and the work methods of each cadre as well as whether each cadre fulfills or fails to fulfill his duties affect the overall operation of the entire organization, the entire apparatus. Persons who perform their jobs well increase the effectiveness and strength of the organization and apparatus. Persons who do poor, inferior work cause the effectiveness and strength of the organization, of the apparatus to decline and create difficulties and problems in socio-economic management. As we prepare for the adoption of the new system and while we realize how important the role and responsibility of commerce, finance, banking, price and other cadres are, we must also realize that their ability and personal qualities have an immediate impact upon the regulation and management of the economy, upon production and the standard of living, upon the implementation of the new system.

Our corps of cadres has been trained, in both theory and practice, under the old system. Because they have long been accustomed to old ways of thinking and working and must now make the shift to the new system, a shift which represents an extremely important change of a revolutionary nature, some persons will not change in time and others will be unable to avoid becoming disoriented and confused. This is easily understood. In this situation, one of the first steps that must be taken in cadre work is to organize the training of cadres in the spirit, views and substance of the new management system. The curricula of the party schools and the economic schools and the economic courses of the colleges, academies and technical schools, of the long-term and short-term classes in economic management must be revised or developed anew in accordance with the new points of view, in a manner consistent with the fundamental principles of Marxism-Leninism, with the lines, positions and policies of the party and with the realities of our country. Our cadres, who possess solid political standards, have much practical experience, are intelligent and creative and who, in the main, have

a good concept and spirit of ownership, will surely quickly adopt the new economic thinking, the new way of thinking and working in economic management.

The new management system demands that we immediately strengthen the contingent of core cadres within the economic departments and sectors on all levels, the corps of directors and heads of corporations, store managers, party committee secretaries and so forth with the aim of meeting the requirement of dismantling bureaucratic centralism and subsidization and shifting entirely to economic accounting and socialist business practices. It is now necessary to adopt a new point of view and take personal history into consideration in order to correctly evaluate the personal qualities and abilities of cadres and examine the efficiency of production and work instead of taking a narrowminded, onesided approach and only assessing cadres on the basis of a few external and temporary indicators. Nor should we make a wrong evaluation by "blindly" and conveniently concluding that everyone is conservative, that everyone is bureaucratic. It is necessary to train those cadres whose sense of organization and discipline is still weak, whose knowledge of and ability to implement the new management system are still weak and necessary to quickly discover, utilize, assign and promote good cadres who have been trained and forged, whose way of thinking and working are suited to the new management system while taking determined steps to replace those cadres who do not have a thorough understanding of the resolution of the Party Central Committee and are no longer able to manage work, are unable to implement the new system. We must be even more determined to replace or take disciplinary action against cadres who have become degenerate, deviant or immoral.

Lenin once said: "We will continue along our path and give attention to discovering and challenging in a very patient and very cautious way, persons who truly possess organizational talent, persons who are clearsighted and resourceful in practice, persons who are both loyal to socialism and possess the ability to quietly (and despite the tumult and chaos) organize, in a steady and smooth fashion, the collective work of a large group of persons... It is only such persons that we should promote to positions of leading the labor of the people, to public management positions, after having challenged them dozens of times by assigning them tasks ranging from the most simple to the most difficult. We do not now know how to do this. We will learn how this is done."

The improvement of the management system will help to overcome many negative phenomena and many weaknesses born of the system of bureaucracy and subsidization but we should not simplistically think that everything will be fine once the new system is in place. This will entail an entire process of difficult and complex struggle by the entire party and all the people, a bitter struggle between the new and the old, between the progressive and the backward, between socialism and capitalism, between ourselves and the enemy.

With the improvement of the management system, it is even more necessary that cadres and party members, especially those within the economic sectors, agencies and units, maintain and heighten their revolutionary ethics and qualities and their sense of organization and discipline. Now, more than ever before, as we adopt the new management system, our cadres and party members

must display the spirit of collective ownership, self-reliance, a desire to constantly learn and raise their economic management standards and skills, dynamism, creativity, frugality and honesty and must combat bureaucracy, inaction, authoritarianism, laziness, embezzlement, bribery, drunkenness, depravity and intimidation of the people. The new management system demands that cadres and party members display a high sense of organization and discipline in implementing the resolutions of the party and state, respect the socialist system of law, correctly comply with the regulations and policies of the party and state, not conveniently change these regulations and policies or adopt new ones on their own, maintain strict discipline with regard to prices, wages and money and the delivery of products and protect the economic secrets of the state.

Through the implementation of the new management system there will emerge many cadres who possess good personal qualities, are loyal to the line of the party, are truly competent and are suited to the new management system and the new requirements of the current stage of the revolution. This will make a practical contribution to preparations for the party congresses to be held on the various levels and the 6th National Congress of the Party.

Strengthening the organization, apparatus and corps of cadres is an important job, one of decisive significance in the success of the revolution, in general, and the new management system, in particular.

[9 Aug 85, p 2, 4]

[Text] The importance and underlying significance of the resolution of the 8th Plenum go beyond the scope of prices, wages and money. Dismantling the system of bureaucratic centralism and subsidization and shifting, in a clear and decisive manner, entirely to the management system of economic accounting and socialist business practices based on planning are only the key aspects, the skeleton, the essence of the resolution of the 8th Plenum. This resolution represents a strong and profound change in direction, a major change of revolutionary significance in the positions and policies of our party, not only those regarding prices, wages, commerce, finances and money, but also those that pertain to the economic planning and management system. The new management system correctly applies the economic laws of socialism to the specific circumstance of our country; correctly implements the principles of economic management by maintaining unified and centralized management by the central level while giving the basic units, the localities and sectors the right to display more initiative and creativity in production and business; implements the right of collective ownership of the working masses; provides strong incentive for higher labor productivity, higher product quality and higher economic efficiency; and will stabilize and gradually improve the standard of living of the working people.

Some comrades are concerned about how the situation will change as a result of this rapid shift to the new management system, about whether there will be upheavals in our socio-economic life. As we know, management based on the system of bureaucratic centralism and subsidization has caused much harm over a long period of time. We must now completely abandon this system in order to

rapidly put the new system in place. And, once we have shifted to the new system, the socio-economic situation will surely be better.

The new management system upholds the right of collective ownership of each worker, each sector and each level and will stimulate the development of production and business in the direction of high productivity, high quality and high efficiency, thus making the entire economy more dynamic, giving the state better control of production and distribution-circulation, making the standard of living of the working people, beginning with the standard of living of manual workers, civil servants and the armed forces, more stable and strengthening the national defense and security systems. Only by implementing the new management system can we make labor discipline, productivity, quality and efficiency realities instead of empty slogans, can we make planning effective in practice instead of merely a matter of form. Henceforth, we will have measurements of each value--within the economy, in social activities, in the work of the agencies within the apparatus of the party and state--the measurements of socio-economic productivity, quality and efficiency. The competency, responsibility and ethics of cadres will also be evaluated and verified through the productivity, quality and efficiency of production, management and work.

The shift to the new management system of economic accounting and socialist business practices based on planning is a matter of important significance, one that will have a profound impact upon the entirety of our socio-economic life. However, this is only the opening stage of a new period in our country's economic activity, in the party's leadership and management of the economy, not our ultimate objective. The new management system does not resolve each and every problem we face in the initial stage of the period of transition, but is only one of several means that will help us to achieve the extremely important goal of developing each existing capability and potential that lie in our labor, arable land, sectors, trades, raw materials and material-technical bases in order to create the conditions for strongly developing the economy in a manner that yields large returns, stabilizing and gradually improving the standard of living, accumulating capital for socialist industrialization and strengthening the national defense and security systems.

Shifting to the new management system is very necessary in building socialism but it alone is not enough. We still have many large jobs that must be performed. Every citizen and every communist of Vietnam knows full well that their country does not have a system of heavy industry that is capable of retooling the national economy and the national defense industry and that national income per capita is still low. Therefore, each of us Vietnamese carries in his or her heart and mind the noble ideal and the pressing task of making practical contributions to the glorious cause of accelerating socialist industrialization and building a system of large-scale, socialist production that has a modern industrial-agricultural structure, which is the material backbone of the system of socialist collective ownership. The Chinese expansionists and hegemonists, acting in collaboration with the U.S. imperialists and other reactionary forces, are pursuing an insidious, persistent hostile policy, and will continue to do so for a long time to come, against our people and are looking for every way to encircle, isolate, weaken and violently oppose and attack our country's revolution and the three

countries of Indochina. Regardless of the situation, our people are determined not to allow the Chinese reactionaries to achieve their expansionist designs. This situation makes it even more necessary that our entire party and all our people join efforts, actively engage in productive labor and practice economy on the basis of the new system and develop our enormous strengths and potentials so that our country becomes truly prosperous and strong, our people are truly well fed and well clothed, our fatherland is firmly defended and we succeed in building socialism. These are the pressing demands of life, are the glorious responsibilities that history has entrusted to our party and people.

The resolution of the 8th Plenum with its guideline and policy of shifting to the new management system of economic accounting and socialist business practices based on planning is an important milestone, one that marks extraordinary growth by our party and people on the economic front. With this growth, with this new management system, we will change the situation, gradually correct the abnormal phenomena within socio-economic management, bring the economy within a sphere consistent with objective laws and develop it in a positive direction and uphold the right of collective ownership of the working people in production and everyday life. Abandoning the system of bureaucratic centralism and subsidization and shifting to the new management system represents a major, profound change that will have a strong impact not only upon the mode and regulations of management, production and business, but also upon the thinking, psychology, way of thinking, habits, style, lifestyle and way of life of each person. Therefore, the implementation of the resolution of the 8th Plenum demands that the entire party and all the people, that all levels and sectors, from the central level to the basic units, that all manual workers and civil servants and each laborer gain a thorough understanding of the spirit and objectives of as well as the exceedingly important fundamental views expressed within the resolution, display a high sense of organization and discipline and be united in will and action in order to correctly and seriously implement the specific policies of the party and state.

We must realize that the adoption of the new management system will involve very many difficulties and complex problems. Our level of production is still low. The shortages of supplies, raw materials and energy are still large. Dishonest merchants and black marketers will not sit idly by. The enemy, speculators, dealers in contraband and persons who are degenerate, deviant and obstinately pursuing a mistaken course will continue to undermine our efforts. We cannot exclude the possibility that complex situations and temporary, unfavorable economic, political and social consequences might occur that cannot be foreseen. We must be willing to contend with these difficulties and complex problems and look for every way to overcome them. Regardless of how great these difficulties and complex problems might be, we must overcome them, must shift to the new method of operating and put the new management system in place.

Upholding the tradition of the August Revolution, with revolutionary will and the spirit of collective ownership, our entire party and all our people have absolute confidence in the leadership of the Party Central Committee and are determined to dismantle the system of bureaucratic centralism and

subsidization and shift entirely to the new management system of economic accounting and socialist business practices based on planning, thereby creating favorable conditions for our country's economy to enter a new stage of development and effectively preparing for the 6th National Congress of the Party.

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CSO: 4209/606



PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

OVERSEAS VIETNAMESE RECEIVED--Nearly 40 representatives of Vietnamese nationals residing in various countries throughout the world such as France, the FRG, Britain, Italy, and Belgium were recently invited to return to attend the 40th anniversary of the August Revolution and the 2 September National Day. They represented various patriotic Vietnamese nationals' movements and the people of all strata--elders, youths, women, scientific-technical cadres, workers, laborers, school children, and students--and many generations, age groups, branches, and trades of the overseas Vietnamese communities returning to visit their fatherland. During their stay in the country, they went to Ho Chi Minh Mausoleum to pay respect and attended functions organized to celebrate the 40th anniversary of our country's National Day. On 3 September Council of Ministers Chairman Pham Van Dong received and chatted with all the representatives of Vietnamese nationals in a highly sentimental and warm atmosphere. [Text] [Hanoi Domestic Service in Vietnamese 1430 GMT 6 Sep 85 BK]

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ECONOMIC PLANNING, TRADE AND FINANCE

NHAN DAN ON BUILDING HIGH-YIELD FARMING AREAS

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[NHAN DAN 7 September editorial: "Implementing the Resolution of the Fifth Party Central Committee's Eighth Plenum: Build High-Yield Areas in Agriculture"]

[Text] Building high-yield areas in agriculture is a guideline proven by reality to be effective in accelerating production along the line of increasing productivity, quality, and efficiency. In localities where the building of high-yield areas has been expanded, the following advantages are usually evident:

First, those localities often have a large volume and a high percentage of marketable agricultural products, and, through investments designed to step up the development of production, the state can work out an exchange agreement with the peasants to control a large portion of the volume of goods--chiefly grain, products processed by industry from industrial crops, and export goods.

Second, the results of production in those areas confirm the potentials and techniques for increasing productivity in ecologically different zones. They build up confidence in the guidelines for intensive crop cultivation and, at the same time, provide a realistic basis for reaching a conclusion on the technical processes needed for large-scale application.

Third, on the basis of the results recorded by pilot units in intensive crop cultivation, experience can be drawn to help in directing production activities on large areas. The units that achieve high output in intensive crop cultivation often become models that attract large numbers of cadres and peasants who come to study their experience. Thus, the impact on production guidance and on the mass movement in high-yield areas has gone beyond the local boundaries and rapidly spread to the surrounding areas.

While supplies and capital remain limited, building high-yield areas is a method of selective investment. It means that investment should be made in those areas that will bring about the largest results in production. For this very reason, selecting the areas for investment is very important. Localities that enjoy favorable conditions concerning water conservancy and have a tradition in intensive crop cultivation are frequently chosen as high-yield areas.

At those localities having a high average cultivated area, if productivity increases, output will go up even faster, and the percentage of marketable goods will increase more rapidly than the rate of productivity increment. Localities that correctly select high-yield areas will often achieve great economic results.

The results achieved in the areas specializing in intensive rice cultivation confirm a progressive managerial method and sound technical system. Therefore, many localities are extending this practice to cover many other crops. High yield have been recorded for all types of crops such as corn, sweet potatoes, manioc, tea, and soybeans. All of these high-yield areas are having a productivity some 20-30 percent higher than average under the same natural and social conditions. This has further confirmed that the possibility of increasing productivity covers all types of crops and provides an opportunity for developing agriculture comprehensively on the basis of intensive cultivation.

Reality has proven that intensive cultivation is the production orientation that produces the best economic results as it improves the fertility of the soil in the course of production, thereby preserving and further enriching the basic means of production in agriculture. The results of production in high-yield areas are reflected in ever-increasing productivity, output, and marketable products. However, this stems not purely from an increase in the rate of investment and from the application of technical innovations. The areas that score the best results are often those that successfully develop the spirit of collective mastery of the peasants by and large and simultaneously carry out the three revolutions.

Along with making rational investments and applying technical innovations to production, cooperatives in high-yield areas must improve production management and guidance, and the laborers who accept work contracts must have a certain amount of knowledge and be familiar with intensive cultivation techniques. This will create conditions for achieving high economic results.

The potentials for increasing the productivity of all types of crops remain great. In our country, the average yield is only half the highest yield. Therefore, along with building high-yield intensive cultivation areas, it is necessary to guide production in areas that are still lagging behind in yield. We are setting up high-yield areas for the purpose of stepping up production on a widespread basis. In view of this, high-yield areas must truly serve as the nucleus of every locality and truly set an example in intensive cultivation to create a driving force for accelerating production evenly and bring about high productivity, quality, and output for the entire society.

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AGRIGULTURE

BRIEFS

HAI HUNG FLOOD CONTROL--Heavy rain and high tides have caused flooding of tens of thousands of hectares of Hai Hung Province's 10th-month rice. In Tu Loc, Nam Thanh, My Van, Kim Thi, and Ninh Thanh Districts, 3,000-6,000 hectares of rice have been waterlogged. The provincial party and people's committees have sent key cadres to the districts concerned to help solve difficulties, deploy manpower, and prepare supplies to support rice-saving and dike-protection efforts. [Excerpt] [Hanoi Domestic Service in Vietnamese 2300 GMT 31 Aug 85 BK]

DAC LAC COOPERATIVIZATION MOVEMENT--To date, some 94 percent of the peasants in Dac Lac Province have joined collective production organizations. These organizations, which include more than 200 cooperatives and nearly 230 production collectives, manage 73,000 hectares of cultivated land. Over the past 10 years, peasants in the province have built 40 large and medium irrigation projects and hundreds of small irrigation projects. [Summary] [Hanoi Domestic Service in Vietnamese 2300 GMT 2 Sep 85 BK]

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